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# West Europe Report

No. 1935

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2 April 1982

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THEATER FORCES FRANCE

BUDGET, NEED FOR LASER WEAPONS RESEARCH OUTLINED

Paris STRATEGIE ET DEFENSE in French Jan 82 p 22

[Article by Gerard Minolli: "France and Power Lasers"]

[Excerpt] The United States allocated an estimated 900 million francs to high energy lasers in 1979. Nearly 500 million francs of that allocation were for the Defense Department alone. It is difficult to calculate how much the Soviets are spending on their laser programs, but it is at least equal to or greater than the U.S. figure.

In comparison, the DRET [Directorate of Research and Technical Studies] has allotted approximately 30 million francs to the LdM [expansion unknown] for laser research. It should be noted that the LdM are almost the only ones to have correctly mastered laser technology.

When we consider that the U.S. Air Force alone has received more than 150 million francs for high energy lasers, we are forced to conclude that our governments have perhaps not accurately gauged the importance of this field of activity.

Although laser weapons are not offensive weapons at the present time, they do, on the other hand, have their place in a defense system.

Countries possessing the means of neutralizing military observation satellites retain a margin of safety as far as their land-based deployments are concerned.

Furthermore, defense of our airspace makes it possible, if nuclear forces cannot be employed, to protect our national territory from enemy attacks utilizing conventional forces.

While satisfactory laboratory results have been obtained in France, the lack of financial stimulus is liable to widen the technological gap between our country and the U.S.A. and USSR.

It must be noted that while a laser's power source is essential, it does not constitute the most important part of an actual laser weapon. To obtain a highly effective weapon, the fire control system associated with the laser's power source has to be particularly sophisticated.

Although a few DRET contracts have produced a better orientation of the research effort, a lag in developing a suitable fire control system would be at least as important as any improvement in the efficiency of the laser's power source. Considering the scope of the American and Soviet military programs, if France wants to retain its independence, it must make a considerable effort in the military application of power lasers.

The status of our laser weapons research is such that it is extremely unlikely that actual firing of a laser device against an antitank missile can be achieved before 1983-1984, and even then only if a sustained financial effort is made. (Our technological gap with the superpowers would then be some 5 or 6 years). To make such an effort, it is necessary for France to allocate a larger percentage of its national wealth to its defense policy. It must abandon phraseologies of the past and accept new weapon technologies. The government must learn to define essential priorities and missions. Security is the specific responsibility of the military, but the latter can properly accomplish this task only if they have the necessary tools.

The laser weapon is certainly not the absolute weapon. Nevertheless it is absolutely necessary for us not to let ourselves fall behind in this field. In the first half of this century, our country failed to make timely technological changes and it paid very dearly for these mistakes.

Tomorrow, the disaster may be even more devastating.

8041

CSO: 3100/429

THEATER FORCES FRANCE

'CALCULATED UNCERTAINTY' SEEN APPEARING IN STRATEGIC DOCTRINE

Paris STRATEGIE ET DEFENSE in French Jan 82 pp 20-21

[Article by J.F. Rerolle: "Deterrence and Uncertainty"]

[Text] There are two possible methods of solving a difficult problem. The first consists in giving the problem due reflection. The second is much easier and infinitely quicker than the first. It consists in making flat statements. Nuclear deterrence, more than any other problem, should give rise to careful and thorough reflection because it involves our country's very survival. Unfortunately we frequently notice that when it is a matter of tackling some of the more crucial aspects of deterrence, peremptory statements are more generally advanced than argumentation based on inquiry and analysis.

Such is the case with the concept of "uncertainty" which some analysts consider to be of decisive importance. General Beaufre contributed significantly to this trend which has resurfaced these past few months.

In his excellent book "Introduction a la Strategie," Beaufre wrote: "In the final analysis, uncertainty is the essential factor of deterrence. Consequently we must employ a special tactic the purpose of which is to increase or at least maintain that uncertainty...Doubt must be cast on any elements that would permit appraisal of our real intentions." In his parliamentary report, Mr Tourrain, therefore, concluded "that it would be in their interest for government leaders to say as little as possible about atomic defense matters."

In an article published in the July 1980 issue of DEFENSE NATIONALE, someone using the pseudonym of Pierre Riou outlined a concept of the criterion of uncertainty that is bizarre to say the least. In his view, offhandedly refusing to arm ourselves with this or that weapon system "would be tantamount to repudiating the fundamental principles of our deterrence." When the defense minister declares that France has made no decision about the enhanced radiation weapon, "he is merely expressing that desire to preserve the freedom of choice which makes uncertainty reign in a rigorous system of deterrence."

By attaching too much importance to this concept, we run the risk of losing sight of the main point. Nuclear deterrence is the certainty of retaliatory measures the consequences of which would be infinitely greater than the value of the coveted stake.

Before making the decision to attack, the presumedly rational potential adversary is going to make a comparison between the expected gain (value of the coveted stake multiplied by the probability of acquiring it) and the risk involved (possible consequences of the conflict multiplied by the probability of incurring them).

To produce the psychological effect of inhibition, the deterrer, in his strategic statement addressed to the potential aggressor, must apply the sole leverage he is capable of exerting: the probability of the risk's occurrence (the risk itself being a function of the funds appropriated for strategic nuclear forces so as to increase the potential amount of destruction). The higher this probability is perceived by our adversary, the less he will be inclined to attack us.

Hence we must allow no uncertainty to exist about our equipment—a seemingly rather obvious requirement—but we must also do everything possible to increase the certainty that in the event of a direct and unequivocal attack upon France, our response will automatically be to launch massive retaliatory strikes. The opposite attitude would be dangerous. To prove that such would be the case we need only cite one example, namely France's possible participation in the defense of Europe.

Possession of an independent FNS [Nuclear Strategic Force] gives France a fundamental advantage, namely the partition of the European strategic space. That partition is obvious. In attacking Germany, the USSR would run the risk only of incurring conventional losses (traditional type of deterrence based on the ratio of opposing forces). On the other hand, should its forces approach our territory, the USSR's very substance would be placed in jeopardy (nuclear deterrence). If in the potential aggressor's eyes the French FNS is credible, France would not be caught in a European conflict right away and would by that very fact have the possibility of bringing its deterrent into play somewhat later.

On the other hand, however, if our organization and statements were to induce the Soviets to think there is a 50-percent chance we might intervene in a battle for Germany, nobody could blame them for taking this possibility into account at the outset of that battle. Fearing that our ANT [tactical nuclear weapons] might be used, it is highly probable that the Russians would decide to include destruction of those weapons among their primary objectives. The immediate result would be to place France in the battle area from the very start and consequently the advantage of the strategic partition would disappear and along with it the possibility of bringing our deterrent into play.

These comments are by no means neutralist. They simply are meant to show that all uncertainties are not necessarily good. In fact, where the strategy of the weak deterring the strong is concerned, a strategy based on retaliation

in case of direct and unequivocal attack, each uncertainty must be carefully chosen and calculated. It is not a matter of multiplying these uncertainties but of detecting those that should subsist. As for me personally, I see only one: the limits of our vital interests must be "necessarily vague."

As a matter of fact, if a possible aggressor postulates our FNS credible, he will try "to circumvent deterrence" by limited actions none of which taken separately could warrant massive retaliation. We must, therefore, make provision for special forces to be employed in a deterring maneuver designed to force the aggressor to reveal clearly his real intentions. The "test" can only be conducted slightly beyond our borders: that is the tactical reason for maintaining uncertainty in this respect.

But there is likewise a strategic reason. The fact that the aggressor knows that as he draws nearer to the French borders he is liable to encounter those special forces whose action would be closely linked to the FNS. This knowledge should compel him to reduce the violence and scope of his operations. This reduction would occur much before he reaches our borders.

Nevertheless, it is necessary for us to show clearly in our strategic statement that the limits of our vital interests cannot cover a large part of Germany. Otherwise we would be replacing our intended deterring maneuver by our willingness to fight alongside our allies with all our available resources. Thus the advantage of the strategic partition would be destroyed once again.

While uncertainty must be carefully calculated under a doctrine of massive retaliation, the same is not true under a flexible response doctrine. Under a strategy of defensive deterrence, the aggressor must be uncertain as to the response. To each of his possible actions there are several possible corresponding responses, each having different probabilities. Every conceivable scenario must culminate in a multitude of possible risks so that the potential aggressor is never sure of how the conflict will unfold. This inability to effect any prior planning must lead him to think that, all things considered, his venture could not be rational. The multiplication of uncertainties under this doctrine is thus designed to make appraisal of the ultimate gain difficult or indeed even impossible.

This kind of reasoning is beginning to appear in France's strategic doctrine. In his 26 June 1980 press conference, the President of the Republic had declared "that deterrence is a cluster of risks imposed on the adversary and at least one of which is mortal." On 18 November, he further explained that the potential aggressor "must not be able to calculate himself the reaction to this or that initiative he takes and he must realize that there is at least a considerable risk, what I call a mortal risk."

It is obviously doubtful that we have the material resources and strategic capabilities to implement such a doctrine successfully, contrary to the United States which, unlike us, can afford that doctrine because of its military capabilities. Moreover, the United States has to adopt such a policy because of the risks it faces. Actually, contrary to what is said, it appears that a country adopts a policy of flexible response because it cannot do otherwise (i.e. adopt a policy of massive retaliation).

The USSR having attained the capacity to destroy the United States, the latter, while continuing to "sanctuarize" its territory with its massive retaliation capability, could no longer guarantee Europe similar protection. As a result, our continent no longer has has an exclusive strategic and nuclear cover. Only one such possibility has been mentioned as a feasible response among others that are much more probable. The spectrum of these responses is covered by the criterion of uncertainty which has to do with their natures, the moment they would materialize, and the place they would occur.

This uncertainty is, therefore, obligatory not solely for strategic reasons (inhibition effect) but also politically because the United States had no choice. It could not say that it is not likely to defend Europe at the risk of its own existence.

Thus the central concept of massive retaliation is certainty whereas the central concept of flexible response is uncertainty. Letting this lauter notion hover over our strategic doctrine can but signify either a total misunderstanding of nuclear reality or a total change in our defense policy.

8041

CSO: 3100/428

THEATER FORCES FRANCE

USE OF CROTALE MISSILES AT AIR BASE 702 IN AVORD

Paris TAM in French 25 Feb 82 p 22

[Article by Officer Candidate De Lacotte, French Air Force: "Avord Air Base's Air Defense Missiles"]

[Text] Air Base 702 at Avord, deep in the heart of the Berry region, is protected not by rattlesnakes but by an ultramodern air defense system.

The fact is that people in Bourges have capably modernized their defenses since the days of Jacques Coeur [wealthy Bourges merchant, 1395-1456]. Defense is no longer provided by high ramparts and deep ditches. Moreover, the threat no longer emanates from distant hills but from a serene sky. In fact, the most serious threat to a base of Avord's size and importance would be a surprise air attack. To thwart such a threat, it was necessary to design and build a highly reliable, all-weather defense system with a very fast reaction time imparted by its relatively simple operating procedures. That system is the Crotale surface-to-air missile.

#### High-Quality Equipment

In France, there are several Crotale squadrons assigned to protect well-defined key points. Because of its strategic importance, Air Base 702 required such a high-quality defense system. A Crotale squadron [battery] has two missile firing sections each consisting of three "cross-country" type vehicles. The first vehicle is called the target acquisition unit (UA). It carries a powerful radar capable of scanning a cylindrical area within a radius of 30 kilometers and up to an altitude of 3,000 meters. The acquisition unit detects an enemy aircraft and, after identification, transmits its coordinates to the section's other two vehicles, namely the fire units (UT). Each fire unit is armed with four R-440 missiles--range: approximately 10 kilometers--and equipped with a target-tracking and missile-guidance radar. The order to fire is given by the acquisition unit. The missiles can be launched one by ne or in a salvo of two missiles. Salvo firing further enhances the system's kill probability. Upon receipt of an alert, the three vehicles occupy their firing positions, establish communications with one another, and coordinate and collimate their respective radars. It will then take them only a few seconds to identify the hostile aircraft the moment it enters their radar's surveillance area, and take it under fire.

#### Skilled Personnel

Corporal Salle told us: "At the training center, we were shown a film on the Crotale system. I found it very interesting. Inasmuch as I live in this region and my aptitude test scores were satisfactory, I was assigned here. I do not regret it." Salle, formerly a farmer, reported on 1 December to Air Base 702 where he is performing his compulsory military service as an assistant operator. "Operating" an antiaircraft weapon is a heavy responsibility for a young draftee. The qualification requirements for such an assignment are rigorous, perhaps too demanding for there are only three lower-ranking enlisted men assigned to the Crotale unit. Nevertheless, for them it is a unique opportunity to discover a whole new world. As Airman Minier explained: "No occupational or university background is required. We receive on-the-job training." After reporting to Avord, recruits are given 3 weeks of instruction familiarizing them with the basics of antiaircraft defense. The rest is a matter of practice.

#### Motivated Launch Crews

Reserve Officer Candidate Renon was attracted to the Crotale system by its spectacular aspect: "I have a DEUG [General University Teaching Diploma] in natural science. I wanted to make a change and get into a hitherto unknown field. It's fascinating work." Another draftee, Officer Candidate Lamamy shares Renon's enthusiasm: "I'm the fire control officer. That's a big responsibility, but it is so motivating to feel that people are depending on you for something as essential as the base's antiaircraft defense."

Lamamy has one regret, however: he will not be able to take part in his unit's next service practice. "I will be out of the service and back home by then," he explained. Once a year, the squadron conducts its annual service practice at the Landes Test Center in Biscarosse. During this practice, Crotale crews fire live missiles at a target towed by a remotely piloted aircraft. Realistic and thorough training is a "must" in obtaining a reliable defense system.

8041

CSO: 3100/434

EEC TO ISSUE MAGNETIC ID CARDS FOR MEMBER STATES

Milan IL GIORNALE in Italian 11 Feb 82 p 5

[Article by Vittorio Lojaconio, "Terrorist-proof Identity Card"]

[Text] The German police have protested the ease with which Italians obtain identity cards; only two witnesses are required. With the new document, however, we will all be put on file by "Titti," the police electric brain.

Rome, 11 February—Everyone will be numbered and registered in a police census. All existing documents are to expire on a "last day" basis and replaced with a European superdocument made of plaster and metallic threads and including a non-detachable photo, which would be impossible to falsify. This is meant to tighten the screws on miscreants seeking to cover their traces—but not without some reservations about the "philosophy" at the basis of such a police provision, which would impose other controls to go into effect automatically at the moment of issuance. Obviously, even though this project is a consequence wholly imputable to terrorism, is it not a classic device typical of the "police state"?

Concerning such a superdocument, which will require a ponderous anagraphical census of all EEC citizens, once again there is talk of an imminent summit meeting bringing together all the European ministers of the interior. The subject of a super identity card has already been on the agenda in previous summit meetings, and the West German minister of the interior has consistently supported the prospect. But, for "political" and other reasons, thus far the proposal has made no headway.

Today, even Italians themselves are becoming convinced of the need to take sterner protective measures. The arrests that followed the recent blitz in Vicenza showed that at least 80 percent of the terrorists captured and assumed false names and carried forged documents. It was also discovered that members of the Red Brigades and their fellow travelers who did not come under the census and therefore had nothing to fear from controls, had concealed themselves behind pseudonyms.

Employed by the Automobile Club, one accomplice supplied the Red Brigadiers with blank documents. Thefts in Messina and a village in the Sabina were also

committed for the purpose of furnishing these "raw materials"—unfortunately, whole packets of them—to terrorists, allowing them to assume nonexistent identities. The serial numbers of the blank forms are fed both into the "Titti" computer of the Italian police and the BKA computer of the German police in Wiesbaden; the crafty terrorists, therefore, prefer to carry documents made out to nonexistent persons that easily get past the few controls to which identity cards must submit before being released.

The summit meeting to be held by the ministers of the interior could be preceded by immediate local dispositions by Italian communities to toughen the procedure governing the issuance of identity cards. This procedure is dangerously simple, especially in the big cities. To obtain an authentic, perfect, unsuspicious document, the applicant need only present himself with two witnesses and swear that he is so-and-so. This is too much, complain police functionaries who, for a long time, have been demanding (and more insistently today) that the whole process of issuing identity cards must provide more security.

The German police also fault us for the ease with which Italians can obtain identity cards valid throughout the Common Market nations. This protest surfaced when one Elisabeth van Dick, a German terrorist, was killed in an exchange of machinegun fire between terrorists and police in Nuremberg; in her handbag they found two documents, both false but functional—the first released by the Paris police, the other by the police in Rome.

The Italian identity card was made out to Fiorella Marabucci, born in Rome on 13 April 1965. A simple, prompt verification showed that a Fiorella Marabucci was indeed born in Rome on that date and that she still lives in the capital. The young woman has no idea how her name could have turned up on a document she never gave Elisabeth van Dick or even asked for. But it is no mystery to the Rome authorities: all you have to do is fill out the proper form, present yourself with two witnesses you may not even know, and the identity card is yours.

"This is what we want to avoid," say the German Federal Criminal Investigation Office police in their white shirts, "and the only way to do it is to cancel all existing documents and require citizens to apply for a new European identity card, for which the applicant must answer an infinity of questions which constitute a number of stumbling blocks."

Thus, the citizen would be assigned a number—on the European scale—which could be cited in rental leases, contracts for gas, electricity, telephone, water, and car permits; perhaps it could also substitute for the bearer's tax code. By extension, we could be required to give our number to book a hotel room, pay a fine, institute a court suit, take part in a condominium meeting, and even—at this point, why not?—buy a plane ticket or insure our car. Always, the same inevitable number, with a coupon to be fed into a computer, which will eventually know everything about everyone.

9653

CSO: 3104/132

#### TERRORISM

CLAIM OF SOVIET SUPPORT FOR LEFTIST, RIGHTIST TERRORISTS

West Berlin DER TAGESSPIEGEL in German 20 Feb 82 p 3

[Article by Horst Zimmermann: "Moscow and the German Extremists"]

[Text] Bonn, 19 February--With his statements on connections between Eastern secret services and left-extremist and right-extremist terrorist groups in the TRG before a terrorism congress of the Christian Democratic World Union in Rome, Gerhard Boeden, the head of the divisions of the Federal Criminal Police Bureau (BKA) in Bonn, was not revealing anything new to the Italians. President Pertini of Italy, Prime Minister Padolini and Judge Imposimato, who is in charge of the investigation of terrorism in Rome, have, for a long time, been arguing that Italian terrorism of the right and the left is party supported and partly even controlled from a distance by Moscow. Nevertheless, Boeden's assertions triggered hopeless confusion in Bonn.

After the Federal Criminal Police Bureau's denial, which said that the security authorities have no information which supports Boeden's statements, something like a denial also came from Boeden himself on Friday. He said that he had not been reporting official information as a BKA man in Rome but had been presenting a personal evaluation of the situation on the basis of newspaper reports as a member of the CDU [Christian Democratic Union].

High-ranking functionaries of the Ministry of the Interior in Bonn raised the question on Friday as to whether the official and private spheres could actually be kept separate in the case of a person in Boeden's position.

That is where the explosive nature of the incident lies. Boeden built up the "Terrorism" Division of the BKA years ago. He has been the head of the BKA divisions in Bonn for 4 years, and that includes, in particular, the division for "protection of the nation," in which all the information the police have on the activities of Eastern secret services in the FRG, as well as everything about German rightist extremism, is brought together. It can scarcely be assumed that Boeden has formed a personal opinion on the complex group of topics being discussed which would be contrary to what he knew in his official capacity.

In the "national protection" division, the question of a possible involvement of Eastern secrety services in extremist and terrorist groups in the FRG has

been discussed for years. There are many factors which could be taken to indicate that that was the case, but there has not been any concrete evidence up to the present. A number of defectors have reported that the Soviet secret police, the KGB, supports rightist and leftist German terrorists within the framework of a strategic program which aims at destabilizing the FRG.

During the years when the "Baader-Meinhof gang" was getting started, there were numerous reports that gang members were in training camps in the GDR and the CSSR. However, no unequivocal confirmation of those reports was ever obtained. The former president of the Protection of the Constitution organization in Hamburg, Hans J. Horchem, recently submitted an analysis of the lines of communication between the Soviet KGB and Palestinian organizations. According to his analysis, the KGB is providing massive assistance in the form of training and weapons. In Horchem's opinion, it can be assumed that Palestinian organizations are supporting Western European terrorist groups on behalf of Moscow, or at least with Moscow's consent.

The Red Army Faction has had bases in the sphere of influence of Palestinian organizations for a long time. It is also known that members of the rightist Hoffmann Military Sport Group got support from Palestinian groups. Several key rightist extremist figures formerly played a role in communist organizations. The suspicion that Eastern agents are assisting meonazi groups so that Moscow can make political capital of "fascist developments" in the FRG in its propaganda is nothing new. In that connection, the GDR's refusal to turn over Udo Albrecht, the rightist extremist who fled into the GDR last year, is also mentioned. Albrecht allegedly is now living in Lebanon again, where he is said to be functioning as a liaison connection between German rightist extremists and Palestinian groups.

The CDU has been trying for years to get the government of the FRG to reveal its information regarding the involvement of communists in German neonazi groups. In response to a question about remote control from Moscow, Andreas von Schoeler, the parliamentary state secretary in the Ministry of the Interior in Bonn, said, on 27 April 1978, "The government of the FRG has information regarding the fact that certain individuals who are active as rightist extremists have belonged to communist organizations or come from the communist sphere of influence. There is no concrete evidence in any of these cases that their rightist extremist activity was controlled by communists." However, specialists point out that such evidence probably can scarcely ever be found.

BKA Director Boeden presented an assessment in Rome which is also shared by the CDU. Boeden is the chairman of the CDU in the city of Mechenheim bei Bonn. Observers in Bonn suspect that he was trying to get the subject back onto the agenda in Bonn with his "private" move in Rome.

9258

CSO: 3103/319

#### TERRORISM'S ROLE IN INTERNATIONAL RELATIONS VIEWED

Paris POLITIQUE INTERNATIONALE in French Winter 81/82 pp 227-240

[Article by Claude Delmas: "Terrorism and International Relations" Claude Delmas was a member of the political division of the NATO International Secretariat, the winner of the 1963 Atlantic Prize and the author of some 20 books including "Le Monde Atlantique" [The Atlantic World], PUF, 1958, and "Etudes Europeennes" [European Studies], Centre International de Recherches Europeennes, 1978.]

[Text] On 15 September 1981, General Kroesen, commander in chief of American forces in Germany, survived an assassination attempt; the range of weapons used by the commandos for this operation said a great deal about their professionalism. The next day, two bombs were discovered before they exploded at the American base of Rhine-Main. Some 4 years ago, the release of the hostages held in Mogadiscio by commandos of the Red Army Faction and the triple suicide of its historic leaders in Stammheim Prison seemed to end the nightmare. However, evidence suggests that Andreas Baader and his first companions have been replaced. The timing and target chosen for this new offensive were significant. In selecting an American leader and installations when the nuclear modernization of NATO has aroused controversies despite its need, the terrorists tried to make the public associate the presence of American forces in Germany with the unrest and attacks. Several weeks later, peaceful, neutral demonstrations aimed to give a popular dimension to the maneuver.\*

Some people think it improper to connect the bombers and grenade throwers and the peace marchers; how indeed can we equate criminal

<sup>\*</sup>In mid-December 1981, the kidnapping of American Gen James Dozier, a high-ranking NATO military leader in the Southern European sector, showed that terrorism was still active. On 23 December 1981, in his reply to the Curia's holiday wishes, the pope used distinctly political terms--"ideological confusion," "attempts to sow uncertainty and fear in international life," "destabilization," etc.

attacks with peaceful demonstrations? Yet this is the truth: opponents of the American presence use the attacks to justify their propaganda and the perpetrators of the attacks use popular sentiment to justify their deeds; it is not a connection but an undeniable reality. Terrorism is not the work of some fantasy-filled individuals; it has become a basic fact of international relations because of its objectives and organization.

### From Nihilistic Terrorism to Political Terrorism

On 16 May 1978, the General Assembly of the Union of Western Europe approved Mr Muller's report which stressed ow obscure the notion of international terrorism is," because it no means "a variety of different enterprises with different objectives and means." Mr Muller added, "We can distinguish one terrorist movement from another primarily by its objectives." For some, terrorism expresses a revolt which is an end in itself; the attack is a romantic gesture of defiance against society and is linked with the esthetic of violence. It is the act by which drugged dreamers and conspirators sought to assert themselves against society a century ago. Today, terrorism is a means to achieve specific political objectives. Palestinian and proPalestinian movements are the most typical: their goal is to help establish an Arab nation in Palestine and they are struggling by terrorist means to weaken the state of Israel and force it to take preemptive or retaliatory measures which they call aggression to oblige Arab nations to solidarity, divide Western governments and attract international attention to the fate of the Palestinians. National liberation movements or self-styled separatist movements also use such methods -- the Irish Catholics, Basque separatists, the Armenians and to a lesser degree, the movements in Corsica or Brittany and the guerrilla organizations in Asia, Africa and Latin America.

In addition, other movements have appeared with no specific political objectives. They somewhat resemble the anarchist movements in Europe in the late 19th and early 20th centuries; West Germany and Italy have suffered most from this new nihilism because of the particularly spectacular kidnappings and assassinations of Hans Martin Schleyer and Aldo Moro (the latter termed an execution, which presupposes a court and law). Terrorist activity goes beyond nihilism when it helps destabilize the country where it is perpetrated by discrediting public authorities who can neither prevent nor apprehend the terrorists and by sowing fear and doubt among the people. Thus, movements defined by their political objectives and nihilist movements (even in Italy where they refer to marginal Marxist exegetes) are both factors of tension.

If we accept the definition in the Paul Robert dictionary that terrorism is "the collective fear imposed on a people or a group to

break its resistance," it would seem to be a permanent fact of history. However, the word means different things. Peasant revolts, worker uprisings, pillaging campaigns by bandits have occasionally been accompanied by systematic terror. This is also true for general wars, civil wars, revolutionary wars, wars of national liberation and resistance movements against foreign occupation. Terrorism is not a contemporary phenomenon and the philosophy of the bomb is not unique to our times. The Sicilian Vespers, the Saint Bartholomew's Day Massacre, the Terror, Spanish resistance to Napoleon I, the Commune of Paris, innumerable uprisings which bloodied Russia in the 19th century and attacks or the lives of Napoleon III in 1858, Sadi Carnot in 1894, Archduke Franz Ferdinand in 1914, Paul Doumer in 1932, King George of Yugoslavia in 1936 and, closer to our time, John Kennedy in 1963, Ronald Reagan, Jean Paul II and Anwar al-Sadat all fit the pattern. According to the Robert dictionary definition, terrorism is both the extermination of millions of kulaks and thousands of Red Army officers and the large-scale Moscow trials: the act struck the victim and at the same time served as an example and its reverberations had a political significance. This logic ties together the operations of the Baader-Meinhoff gang, the Red Brigades, the Direct Action, Palestinian and proPalestinian groups, the Armenians, Basques, the Irish IRA, etc. However, this logic only imperfectly accounts for a modern characteristic of terrorism--its impact on international relations.

Although the attacks on the lives of Napoleon III, Sadi Carnot, Paul Doumer or Lord Mountbatten did not affect these relations, the assassination at Sarajevo was the spark which caused the conflagration of 1914. In certain respects, the activities of Ante Pavelitch's Ustachis prefigure those of the Palestinians and, to a lesser degree, of the Armenians. If the assassination attempt on Ronald Reagan was a reminder that three other presidents of the United States had been assassinated before John Kennedy (not counting the unsuccessful attempts, like that by a Puerto Rican against Harry Truman), the attempted assassination of Jean Paul II raised other questions: did the Turkish assailant act on his own initiative, or can we believe the intelligence that he was a GRU [Main Investigative Administration] killer, in the Second Higher Division of the Soviet Staff, which could consider that the death of Kracow's former archbishop might weaken the forces contesting the USSR's domination of Poland? Turkey is another example. Since 16 June 1970, when bloody clashes between leftist demonstrators and the police forced the Demirel government to declare a state of siege and the army intervened, the Turkish nation has been threatened by decomposition by communist subversion, religious fanaticism and separatist movements in some regions. Terrorism (which left 5,000 dead from early 1977 to September 1980) became a basic fact of Turkish political life. When the army took power on 12 September 1980, it ended this unrest which threatened Turkey both as a nation and a NATO member: the equilibrium of the Western

Mediterranean and the Mediterranean borders were affected by the terrorism in Turkey. Likewise, al-Sadat's assassination could have been plotted by fanatics who contested his opposition to the Moslem brotherhoods, but beyond domestic concerns, it raised doubts about the Camp David Agreements and introduced more uncertainty and trouble into the already troubled Middle East problem.

## Terrorism and Revolutionary War

In commentaries on terrorists' activities, some authors imply that the former are engaged in revolutionary wars, similar in many respects to those fought since 1945. People connect the Markos' insurrection in Greece, that of the Iranian Tudeh and the wars in Indochina and the Maghreb with this idea. Before Israel, Algeria had suffered blind attacks; in other words, attacks on civilians. The precedents have only a very relative value because the similarity is limited to the use of terrorism as a means of action or intimidation. The term revolutionary war calls to mind movements which, in their struggle against a much more powerful foreign government and army, generally succeed with the more or less active support of the people among whom they move "like a fish in water," to quote Mao. This kind of conflict could occur outside Western Europe in regions affected by the end of colonialism. On the contrary, terrorism currently no longer spares Western Europe and in fact makes it a special target. The terrorists announce their determination to overthrow the governments in power but they do not specify either the principles or kinds of society which they wish to substitute.

In a revolutionary war, terrorism seeks to frighten the people, cut them off from administrative and political authorities, incite the people to first fearful and silent complicity and later to ever more active support and finally win them over. It is complemented by psychological action based on a program and slogans, with violence and propaganda coming together as subversion. The struggles linked with the end of colonialism have demonstrated this process which starts in insecurity and ends in submission or conversion. Revolutionary war leaders first seek to place their adversary in a dangerous position by isolating him from the people and showing them that the ruling power cannot protect them, thus locking the authorities into a cycle of insurrection and repression. From this point, we must admit that terrorism has its logic and its effectiveness has been proved: when a powerful army cannot assure the people's security, the latter quickly submits to the insurgents. Terrorism is also a tactic to assure control over citizens of a country. This explains the cruelty and the spectacular nature of some acts. It is, in addition, a method of indirect action, since the assassination of civil authorities -- even prominent individuals -- cannot affect the military potential of the enemy (whose forces ultimately become the prisoners of their means since they cannot use them fully.)

Thus far, all revolutionary wars have been fought against Western powers and have weakened them. They would have to interest the Soviet Union. In Indochina, the struggle was led by the communist party: the Soviet Union supported it directly by military aid, by diplomatic support and by propaganda campaigns (occasionally accompanied by terrorism) first against French policy, then against American policy. In Algeria, Moscow initially was wary of the insurrection and the French Communist Party condemned it. When the Soviet Union realized that, in addition to the demands of the nationalist movements, the problem had an international dimension, a change occurred; Algeria's accession to independence meant that France and NATO were weakened because they no longer had the use of the Mers-el-Khebir submarine base (totally invulnerable to nuclear attack because of the unpenetrable Atlas Mountains.) This change was translated into deeds, after a period of hesitation by the FLN [National Liberation Front] and the problems between the latter and the Algerian Communist Party. Today, Algeria is a socialist, nonaligned nation which by its antiWestern stance serves the Soviet Union's purposes.

The USSR does not limit itself to action. It also tries to justify its actions doctrinally. Thus it applied its thesis of "just wars" and "unjust wars" to those two new nations--communist Vietnam and socialist Algeria.

Yet the Kremlin does not act directly in the framework of this theory. It uses two other self-styled nonaliged nations--Cuba and Libya--whose misdeeds we will discuss later.

#### Multinational Networks

It would be wrong to say that all revolutionary wars are guided by the Soviet Union, but undeniably the latter aids its combatants directly. Soviet propaganda does not assist the Irish Catholics who refuse to negotiate with London. Yet the IRA [Irish Republican Army] still has the same number of weapons coming from Eastern European countries either directly or through the intermediary of Libya. The war waged by the Irish Catholics (technically a revolutionary war) thus takes on an international dimension. During the Algerian war, the FLN obtained weapons and instructors from Baghdad and Cairo; this aid was justified, according to its generous givers, by religious solidarity and the wish to support brothers desiring to liberate themselves from colonialism. No such argument can obviously be used to explain Communist bloc assistance to the IRA. In this case, the reason is purely political -- the problems in Ireland weaken the British government and introduce discord within the sizeable Irish community living in the United States. It should be added that, on several occasions the British police, alerted to their arrival, found East German urban guerrilla specialists in transient

hotels in London and noted that riots erupted soon after the London visit of these communist specialists. Must we believe it was a sheer coincidence?

The concept of international terrorism can be more clearly seen in the multinational character of many groups. The Lod Airport massacre on 30 May 1972 was the work of Japanese terrorists (armed with Czech weapons) who had no direct connection with the Palestinian problem, but who considered violent action a response to the refusal by Western society and wanted to express this by identifying with the Palestinian cause. We can give examples indefinitely: on 31 January 1974, a four-man commando team of two members of the Japanese Red Army and two Palestinians (commandos of the martyr al-Kubaissi, the Palestinian militant slain in Paris on 6 April 1973 by Israeli secret services) tried to blow up the Shell Oil refinery installations on the island of Pulo-Bukone, 2 km from Singapore. The Algerian Mohammed Boudia was the highest ranking official for Palestinian terrorism in Western Europe until his elimination by the Israeli secret services in Paris on 28 June 1973. Likewise, there were close ties between the German terrorist movement (mainly the Baader-Meinhoff gang prior to its dismantling) and the Palestinian movement because German terrorists often received their technical training in camps located in the Middle East.

Ideas, men and weapons easily cross borders. On 26 June 1972, 75 M26 grenades were stolen from the American base at Bisau by Baader-Meinhoff gang members. Japanese terrorists hurled three of them into the French Embassy at The Hague on 13 September 1974; the Venezuelan -born "Carlos" threw another into a crowd at the drugstore in Paris; still others were found in one of Carlos' London residences and finally the last were recovered by British police near Belfast. The circulation of these weapons "indicates," according to Jean Servier, "a link between the Japanese Red Army, the Baader-Meinhoff gang and Carlos' group." The bombs planted by members of the Boudia group in Paris in August 1974 in front of three newspaper offices were the kind the IRA terrorists used. A Nigerian then headed this Boudia group; he was a graduate of the London School of Economics who, after traveling to Namibia, returned to Europe and was killed in a hotel room in Athens. The Japanese who assassinated the Puerto Rican pilgrims in cold blood at Lod Airport were trained by two Palestinian instructors. During each terrorist operation, police have noted that the groups were made up of men and women of several nationalities. This leads to the theory of international terrorism, strengthened by intelligence which, although it has not been officially sanctioned, has nonetheless been verified. Libya and Algeria signed an agreement to assist separatist movements in Western Europe. Libya would finance the program and Algeria would handle the technical side of the operations. The groups formed, trained and armed, were

to operate in Brittany, the Basque country and Corsica. We know that all Palestinian, European and Japanese terrorists are trained in the Libyan camps of Homs, Jediane, Tobruk, Tarkonna and Zounjour.

## The Libyan Center

Libya is at the heart of the problem of international terrorism. We know that since the missile crisis of autumn 1962, Cuba has been a part of Soviet strategy. After much hesitation, Fidel Castro was accepted by the Soviet leaders. He was not a Marxist and his "creole communism" did not fit into Soviet theology because there were too many signs of heterodoxy. The official responsible for Castro's acceptance was not a politician but a soldier, Marshal Gretchko, then minister of defense; he felt that Cuba's geographic situation outweighed Castro's intellectual efforts and from that beginning Cuba became the symbol and center of subversion in Central America -- the guerrilla forces in this region follow Castro. At the same time, the Cuban military forces became an instrument of the Soviet Union's African policy. Since the Angolan operation, Cuban troops have been taking part in red crusades in Africa. When the fate of Angola was to be decided by the strength of the forces, Moscow committed itself militarily to the Angolan communists through the intermediary of Cuba and the GDR. The stakes however were higher than Angola; this was a test by Moscow to determine Western reactions to its new African policy. Having judged the results positive, the Kremlin expanded its effort in the Horn of Africa with Cuban military forces (assisted by East German instructors) who practiced terrorism there comparable to that of previous revolutionary wars. Simultaneously, Cuba was recruiting and training terrorist groups in Latin America and Europe.

Libya became the second largest base for terrorism through a different political process. It was part of the chronic Middle East conflict and of Soviet penetration into the Mediterranean. The USSR did not just want to solve the long-standing problem of the East in its favor and make the Montreux Agreement of 20 July 1936 on the traffic of warships in the straits obsolete. It also wished to circumvent the NATO European southern flank and make its power felt in vast areas of Africa. On 30 November 1947, it had voted in the United Nations to implement the Balfour Plan although the cold war had already replaced the illusions of San Francisco. There were many ulterior motives for its vote: it was less a matter of permitting the establishment of a Jewish nation than checking the policies of the Arab nations, then considered instruments of British diplomacy. The escalation of the cold war changed this situation. Like other Third World nations, the Arab nations found justification and support for their antiWestern nationalism at the Bandung Conference of April 1955. The Soviet Union was not invited but it tried to use it. It was then difficult to act in Asia but Africa and then the Middle East were open

to its ambitions. Consequently, it represented itself regularly as the Arabs' ally against neocolonialism and imperialism. The Israeli-Arab conflict was no longer limited to its initial protagonists; it became an element of East-West antagonism. This situation only got worse when the struggles to end colonialism moved from Asia to Africa, and esepcially the Maghreb. These struggles were fought in the name of a nationalism which attempted to give political justification to religious and radical aspirations. When these movements-whether they were of revolutionary nature or led by the traditionalist bourgeoisie -- rose up against a Western country, the Soviet Union tried to help them as much as possible; it could only benefit from the weakening of Western positions and strengthen its influence in the Mediterranean. Thus, the Arab nations became important weapons in the Soviet Union's strategic game. These countries used this Soviet assistance which was translated into systematic support for their claims and enormous quantities of military supplies. The Soviet Union used the Arabs, the Arabs used the Soviet Union. Israel was the psychological factor in this convergence of ambitions. Today it is its victim.

In the context of this historic evolution, the actions of Mu'ammar Qadhdhafi, "Allah's zealot," according to Patrick Wajsman, become clearer. Nasir assumed power at a time dominated by the struggle against Israel and the aspiration for Arab renewal. Obsessed by memories of conquering Islam, the young Qadhdhafi was influenced by his example. He realized that Nasir made Egypt a rear base for the Maghrebian nationalists and purchased weapons from Czechoslovakia. As early as 1960, trained by the Egyptian secret services, he dreamed of taking power in Tripoli. He achieved this in 1969 and from that moment began the struggle against Israel and the United States. Nasir's orphan wanted to imitate him. Qadhdhafi had oil revenues, a weapon Nasir did not. He wished to restore Islam to its former glory: he helped all Moslem movements in Black Africa, he fostered plots in those Arab nations which did not approve of him (Morocco and Tunisia), he tried to expand to the south (into Chad in late 1980, as the Senusi had done in 1900) and made many attempts to form an arab union. He felt Israel was an emanation of American imperialism and that he had an enemy--the Israeli-United States alliance--and, in the name of Islam, he led, financed and trained terrorist networks. Without necessarily being directed from the Soviet Union, the activities of these networks follow the Kremlin's policy (which explains Qadhdhafi's silence on Afghanistan.) In Africa, the Libyan game is indeed a Soviet game.

Qadhdhafi is waging a widespread, total struggle against all that is not Islam. He not only assists terrorism, he creates it and feeds it by an antiZionist, anti-American hatred rooted in fantasy where memories mingle of the end to Islam's advance in the Philippines in

the 16th century (which explains aid to the Moslems there), the loss of Andalusia (an important date connected with the rise of Shiism), the religious brotherhoods which opposed the European penetration (in 1900, when the French entered Chad, they found a mosque) and the quasi-futuristic dream of a renewed Islam prepared for conquest by its opposition to Israel and the United States. Libyan-sponsored terrorism may not affect Israeli potential but it might provoke an escalation in the areas near Israel--a situation which the Soviet Union, from all evidence, would exploit.

Qadhdhafi's intervention in the Lebanese crisis of the spring of 1981 is, in this regard, telling. On 30 March 1981, when the West had its attention focused on Ronald Reagan's hospital room in Washington, the Syrians encircled the largest Christian city of Lebanon, Zahle. Syrian President Assad acted with Soviet approval; they sent military advisers to Lebanon to direct the operations. The Syrians began to demolish the city with SAM 2 surface-to-air missiles. In early April 1981, seven batteries of SAM 9 missiles, the latest in Soviet anti-aircraft equipment which the Russians sent Qadhdhafi and he in turn made available to Assad through the Syrian-Libyan treaty, arrived in Damascus from Tripoli. Assad knew he could not win a military confrontation with the Israeli army. He was nowever encouraged by the Soviets and it was a way to avoid some domestic problems (primarily by proclaiming this a holy union against the opposition of the guerrilla war the Moslem brotherhoods were waging against him.) Finally, Oadhdhafi agreed to assist Damascus financially and underwrite all costs of these operations.

Qadhdhafi is now the bankroller in the Middle East. He dreams of leading the war against Israel. He would like to mobilize, equip and train Yasir Arafat's forces, placing approximately 50,000 men on a war footing. The Palestinians already have T34 and BRR60-type tanks, antitank weapons, especially Katiuchka and Grad-type missiles; theoretically, they have about 20 MIG21's stationed at Algerian airfields. Qadhdhafi wants to give them some of this huge Soviet war materiel stored in Libya and ultramodern equipment for commando operations, especially one-man MI planes. He is waging a true holy war against Israel. There is direct action by ground fighting and indirect action through terrorism; these are two complementary aspects of the same strategy.

Some terrorist acts can thus be more easily explained. Terrorist networks need weapons and money; they must also be trained and have logistic support, especially passports. East German experts were able to obtain 700 French passports from the French Embassy and Consulate pouch in Tripoli.

The primary objective is psychological; spreading terror by striking individuals removed from the conflict. This is not new. The Lod Airport attack was not an isolated incident. On 23 August 1973, President Georges Pompidou was informed by the SDECE [External Intelligence and Counterespionage Service that the Palestinians were preparing a terrorist offensive in Western Europe; 30 members of the FPLP [Front for the Popular Liberation of Palestine] and Black September arrived in London from North Africa and the Middle East and the Libyan Embassy (another coincidence?) took charge of the 12 who had embarked in Beirut and Tripoli. Do these disturbing facts mean that terrorist activities always have a specific political intention? They probably do not. "Samir the Somber," now missing, who assassinated the United States ambassador to Lebanon, Francis Meloy, explained his behavior: "You asked me why I joined the FPLP, Wadih Haddad, Carlos and the entire crowd. You knew the answer. The same is true for me, the Germans or the Japanese. Where are the Vietnams which Guevara wanted to create? Only the Palestinians still fight with the same determination. Betrayed by everyone, even by their leaders sometimes, they continue, knowing they will never win, that Palestine will be called Israel for a long time, for our lifetime and forever."

In an interview with Jean-Paul Sartre, Andreas Baader said "that it was necessary to educate the masses at length so they would understand that some actions were necessary," and that his group had "tried to create links with the Third World, the Arabs and Latin America to build a political organization to counterbalance the influence of the United States." According to these new revolutionaries, the destruction of all social organizations is acceptable, (once again this is taken from Netshaev and Bakunine) by stimulating all opposition, even the most natural, transforming it into conflicts and then open struggles.

Behind these actions, the many attacks on society, are the manipulators of the game for whom tension in a Western country weakens the West as a whole. Terrorism is only a secondary form of the wider war waged elsewhere, whose stakes are the Red Sea, either via the Suez Canal or the Bab-el-Mandeb Straits, and beyond that, the conquest of Africa with the path open to the Indian subcontinent and the southern hemisphere.

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#### MATTHOEFER ON FINANCING OF ENERGY SAVING MEASURES

Frankfurt/Main FRANKFURTER RUNDSCHAU in German 20 Feb 82 p 14

[Article: "Federal Finance Minister Hans Matthoefer's Proposals for Economically Feasible Financing of Energy Economy and Investment Promotion Measures"]

[Text] "Courage for Full Employment" is the title given by Federal Finance Minister Hans Matthoefer (SPD) to his 68-page essay on medium- and long-term measures aimed at creating a sufficient number of new jobs. His proposals for investment support for restructuring of the economy. energy conservation, improvement of productivity and competitiveness and better environmental protection were introduced too late into the public debate. Serious discussion of the Matthoefer paper was prevented by gag rule arguments, even from the ranks of his own party, against his recommended increases in the taxes on motor fuel, natural gas and heating oil. We are publishing his proposals, which he had made after an analysis of the present economic situation, especially those concerned with the financing of the necessary measures. Matthoefer's point of departure in his conviction that the energy price level in the FRG is far too low in the light of anticipated shortages and in comparison to prices in other countries.

Our national economy is currently suffering not just from a momentary recession which could be dealt with by a deficit-financed increase of total demand or by a general increase in investment aimed at a short-term boost. What is required for the safeguarding of jobs and for the urgently needed approach to a condition of full employment is instead a long-range strengthening of public and more importantly, private, investment, which in range of magnitude and time transcends a mere temporary recovery effort; what is needed is a restructuring of the expenditure side of the national product in favor of investment, without which a comprehensive modernization of the economy, more conservative use of energy and raw materials, better protection of the environment and more humane working conditions will not be possible. Only in this way can the necessary additional jobs be created in sufficient numbers and existing jobs be safeguarded.

The structural changes necessary for meeting the demands with which we are faced will have to take place within the economy and be supported by it. The government basically can only make available the infrastructure; support basic science and research and the development of new technologies; organize an effective educational system, guarantee competition and the well-being of small- and medium-sized enterprises, give stimuli, cut back bureaucracy, eliminate obstacles and establish meaningful baseline figures, as for example, reasonable taxation rules.

How can the necessary additional public investments and stimuli for private investment be financed in such a way that something approaching full employment and an improvement of the German economy's productivity and competitive position can be attained while at the same time the desired medium— and long-range structural changes can be funded?

It would first have to be examined whether this can be done—as has occasion—ally been suggested—by increasing the net borrowing of the Federal Government. Starting from a very low level at the beginning of the 1970's, a relatively high level of borrowing has been built up by the Federal Government since 1975 as a result of measures designed to combat unemployment, which in recent years has run at a level of some 20 to 30 billion marks. (The measures financed by these borrowings were, incidentally, not without success. In comparison to the average of all OECD countries, with the exception of Japan, the FRG not only has an inflation rate that is only half this average, but also a million fewer unemployed.)

What rose disproportionately was the gross borrowing of the FRG (between 1977 and 1981 the net borrowing increased by some 50 percent, while gross borrowing rose by approximately 100 percent). A similar trend can be traced in the overall public budget. Granted that the money market was tapped only to the scale of actual net borrowing because other borrowings were set off by the state's repayments of older indebtedness. Nonetheless, the absolute scale of gross borrowing does take on real significance. Because we are obliged to borrow the gross amount under the prevailing conditions of the money market, i.e., gross borrowings have to be executed in their full amount at the high interest rates which now prevail. This has very substantial negative consequences for the interest burden to be carried by future budgets.

The trend also indicates that, contrary to many such assertions, there is no clear connection between government borrowing and interest rate patterns: in 1975—a year with a moderate recession and a positive balance of payments—there was a heavy increase in government borrowing, accompanied by falling interest rates. Things are different in the case of a negative balance of payments: Any positive effects upon demand resulting from larger budget deficits during the present phase of the trend would, under certain circumstances, be partially eliminated again by the investment constraints brought about by the resulting higher interest rates. In such a situation government budgets ought to work to support the market tendencies to lower interest rates by a gradual reduction of its net borrowing.

At the beginning of the 1970's, interest payments comprised less than 3 percent of all expenditure within the budget of the Federal Government. This

burden of interest payments has more than tripled since 1975. In 1982 it reached 9.6 percent--more than 23 billion marks, far more than was allocated for development assistance, research and development of new technologies, innovation support, housing and urban assistance put together.

In addition, the relative burden of debt shared by the various levels of the government—federal, Land and local—has shifted to the disadvantage of the Federal Government. In addition to its mounting international obligations, Bonn has also had to carry the main burden of economic recovery support. As a result, it has also had to cope with the highest burden of interest payments.

In the case of the Laender this increase has been somewhat less than that of the Federal Government; nonetheless their burden has more than doubled. Local governments, on the other hand were feeling a relatively heavy interest burden even in the early 1970's; this diminished somewhat as a result of their restraint in supporting recovery efforts in recent years.

With the deficit of 26.3 billion marks and a Bundesbank profit of more than 10 billion marks, almost 37 billion marks more are flowing from the federal budget into the economy than are being drawn off from it in terms of revenue realized through taxes.

Under the circumstances described above (budget deficits that have to be financed at current interest rates, overly high interest levels, high deficits), there can be no doubt that the best employment program would be a further reduction of interest rates by some 2, 3 or even 4 percent. If what we want is really full employment, i.e., creation of more jobs through investment, then everything possible has to be done to strengthen interest reduction trends and anything that could possibly result in higher interest rates—even minimal ones—has to be held in check. It must also be kept in mind that there have never been differences of opinion within the Federal Government about our practice of offsetting those additional expenditures or reduced revenues in the course of a fiscal year that are cyclically determined, by increasing net borrowing.

Even a change in the income tax schedule or an increase in the value added tax with the exclusive goal of raising additional revenues for national, Land and local governments should be rejected on cyclical grounds. An increase in the VAT would set off a round of price increases without contributing to the desired changes in the structure of the economy. A withdrawal of purchasing power from circulation which serves only to raise revenues and does not contribute to a necessary restructuring would be cyclically undesirable and probably even counterproductive.

Changes in personal income and withholding taxes are also questionable because of the already high burden, due to go even higher in coming years, of direct taxation borne by wage earners: the average burden of taxation upon wages and salaries has risen from 17.5 percent in the five-year period 1960/65 to 29.5 percent for the period 1976/80--an increase of 12.5 percentage points. The increase was brought about by a rise in the withholding tax (up 8.5

percent) as well as the social insurance levy (up 4 percent). For the period 1981/82, even without legislative changes, there would be a further increase in the total burden borne by wage earners.

The question of how much is left over from increased wage earnings is of particular significance with respect to declining productivity, the trend toward moonlight work and tax evasion. This is seen in the figures for the average marginal burden which have increased from about 17 percent in 1960/65 to 37.7 percent for 1976/80. Even without changes in legislation, this will rise to 47 percent for the period 1981/86. The average wage earner would lose 50 pfennig of every additionally earned mark. A direct taxation increase on this scale is not economically reasonable nor can it be the goal of a rational tax policy.

A supplementary tax or an increase in the VAT would also withdraw purchasing power from circulation without in itself working to bring about desired changes in the pattern of supply and demand, as would be the case with a higher tax on imports of energy (with the exception of coal). It is therefore cyclically undesirable because the direct effect of jobs lost owing to the withdrawal of purchasing power would occur immediately and positive effects which would result in the creation of new jobs following from the investment made available by such taxation would only occur much later. These effects--in the present state of the employment situation not such as can be dismissed--upon the number of available jobs, could, on the whole, be very negative. I must, however, admit that, regardless of the source of any financing from taxes, the employment effect will be limited as a balance of withdrawal effects on the one hand and stimulus effects on the other if we disregard their effects upon the balance of payments, the margin for interest rate reductions, exchange rates, etc. It is thus all the more necessary to avoid a negative antecedant course of withdrawal effects as opposed to stimulus effects. In any case, distinctions have to be made here between short- and medium-range prospects. In medium-range terms the argument of a withdrawal of purchasing power can play no role.

To enhance the prospects of acceptance of the totality of the proposed measures among SPD and trade union circles, a temporary encumbrance of higher incomes with a supplemental tax as an additional source for recovery measures in the investment sphere would be conceivable. This would also be in line with my own feelings about equity. Any such supplemental tax would, of course, have to be of strictly limited duration and be understood as a special effort on the part of those who have been spared from unemployment and whose incomes are above those at the lower range of the scale. The disadvantage would be that it would not of itself result in structural improvements and would have an equal effect upon individual incomes and corporate profits alike. I also do not believe that it would be possible to gain support for it in the Bundesrat.

Given the present high rate of unemployment, measures on the scale of 0.5 percent of the gross national product are not of a particularly impressive order of magnitude, if their effects are not directed at the elimination or reduction of the strategic disturbance variables disrupting the entire

economic order, as well as at the deficit in the balance of payments and its consequences. The latter argument is the more important, because it is then possible to conceive of variants on the VAT which would allow the synchronization of withdrawal and investment effects.

The trend of the balance of payments since 1970 has been marked by more or less steadily increasing deficits in the service or transfer sectors, which, however, until 1978 were more than compensated by surpluses in the trade balance. The pronounced setback in the balance of payments from 1979 to 1981 can be traced primarily to a drop in the trade balance surplus, accompanied by simultaneous growing deficits in the service and transfer sectors.

The turn of the better was reached in the second quarter of 1981. Quantitatively, the recovery in the balance of trade was signalled as early as October 1980 (especially where it was affected by changes in the exchange rate). The credit side of the balance of payments continued to increase to such a degree that in October 1981 (up DM 2.9 billion) and in November (up DM 1.2 billion) a monthly surplus in the balance of payments could be seen for the first time since April 1979. It becomes clear from this that trends toward improvement in our balance of payments in short- and medium-range terms can only be achieved by way of the balance of trade. The deficits in the service and transfer sectors are primarily structural in nature and can only be modified in long-range terms—if at all. (For example, we do not want to reduce aid to developing countries, but instead to increase it substantially. The contributions to the European Community will grow faster and more sharply than we would like.)

At present the deficit in the balance of payments comprises only 1.5 percent of the gross national product, but it has enormous and disproportionately strong effects upon other important economic data and indicators. Not only in economics, but in other areas, there are certain strategic factors whose impact is greater than would be expected without closer examination. To draw an admittedly risky analogy from electronics, for example: minimal circuit currents which, by being inverted, can deflect or release gigantic voltages. It is upon these strategic factors that we must concentrate in our economic and fiscal policy if we want to achieve the greatest positive effects from any given financial input.

New measures for conservation of energy and for the strengthening of private and public investment activity can thus not be financed soley by increasing net government borrowing or by increased tax revenues, they must be financed by other, additional revenues. The best solution, because it would be the most effective one, and perhaps even the only one, would be financing through additional taxes on energy consumption—as proposed here upon oil and natural gas—because of the positive effects that we have pointed out upon the environment, the balance of payments, interest rates, exchange rates, inflation and technological progress.

If, in light of the magnitude of the problems to be dealt with, we assume an annual fiscal requirement of several billion marks for additional investments and investment stimuli, this could be covered by an increase in the

tax on oil and the introduction of a corresponding tax on natural gas. The following could serve as a rule of thumb: an increase of 1 pfennig in the energy consumption tax on each liter of oil (resp. DM 0.90 per cubic meter of natural gas) would produce approximately DM 1.35 billion. It must of course be assumed that the energy conservation effect triggered by the resulting net price increase will diminish the revenue increase as consumption declines. From this it becomes evident that these measures will work in a very desirable way to supplement and reinforce the investive energy conservation programs to be funded by these increased revenues.

Price and structural effects brought about by the additional investments will also reinforce and supplement each other. This combination or inverse feedback effect will, to a significant degree, have the desired strong and long-term impact upon the balance of payments, interest rates, exchange rates, prices, capital transfer from abroad, etc. Otherwise the danger would exist that a new economic recovery could lead directly to increased oil imports and find itself once again in jeopardy, not to mention improved environmental protection and greater freedom from OPEC decisions and U.S. interest rates. I would rather not see us counting on some set of fortunate circumstances that might somehow bring about an economic recovery but would instead prefer to support the measures put forward here for discussion in an effort to bring about a recovery that would assure a permanent positive balance of payments and reduce our dependence upon the decisions of others.

The tax increases presented here for discussion could be undertaken in stages. The measures for conservation of energy, etc., to be financed by them will require time for preparation and setting up. Yet even in their preliminary phase, long-term indicators for each private investment calculation could be set by the announcement of tax increases to take effect at a later date and with that additional stimuli would be generated for oil conservation investments.

It has been repeatedly objected that a higher tax on energy consumption would hamper the competitiveness of the economy or burden the consumer past reasonable limits. First of all, it would be a mistake to believe that rejecting an additional tax on oil and natural gas consumption would bring the consumer any significant price advantage. The contrary is more likely to be the case. Without overestimating that influence of German demand upon world market prices, it is still safe to say that the less that demand is curtailed by our own efforts and that means largely through additional conservation incentives via the pricing mechanism, all the longer will our dependence upon oil and natural gas imports continue and the more tense will world energy markets be; as will be the scale of future oil producers' prices increases and the greater will be the percentage of our national product exported with nothing received in return, all the greater will be the scale of wealth lost which is urgently needed for our internal restructuring.

Higher taxes on energy today will, in all likelihood, bring about lower expenditures for energy tomorrow because of the reduction in consumption. They will retain at home the capital necessary for the restructuring of the economy, instead of letting it be exported to the oil exporting countries with nothing received in exchange.

From the data of the Federal Statistical Office for various types of households it can be determined that a two-person retired household using oil heat will pay on the average an additional DM 10 to DM 11 each month for heating fuel with a tax increase of 7 pfennig per liter; a four-person wage-earner household with a medium income will pay an additional DM 14 to DM 21 per month and a four-person wage-earner household with higher income an average of DM 20 to DM 27 more. All of these amounts would probably decrease substantially if, as a result of these measures, the exchange rate for the mark were to improve.

A heating oil price of DM 0.80 per liter (in 1978 it was DM 0.28 per liter) could rise as a result of the increase in the heating oil tax by about 10 percent (including VAT). The increased cost would be felt by consumers, but it would not be intolerable. It would certainly not affect only lower-income consumers but would rise markedly with income (key words: larger dwelling units, oil-heated swimming pool, private aircraft or large car). It would then be socially defensible for all households if one keeps in mind the positive economic repercussions for all households—healthier growth of employment and income, price stability, better environmental conditions, greater independence, etc. In addition, studies would have to be made to learn whether or not it would be possible to provide some measure of relief over an interim period for truly needy consumers, such as recipients of rent supplements.

We are talking, in total, of shifting orders of magnitude in the range of 0.5 percent of the gross national product. Since we do not wish to increase federal borrowing for the reasons given because of the possible adverse effects upon interest rates, investment willingness and employment past the level necessary to compensate for cyclically determined reduced revenues and increased expenditures, and because additional federal budget cuts are hardly possible after the consultations on the 1982 budget and since increases in the personal income tax, withholding tax and VAT are, for cyclical and other reasons, not appropriate solutions, employment-effective measures ought therefore to be financed primarily by tax increases aimed at the reduction of energy consumption.

Anyone who complains of the social hardships that would arise from the increase in the oil tax or from the introduction of a tax on natural gas, must ask himself whether the situation in its total connection can be looked at any other way. Additional financial burdens on consumers, however seriously they must be taken, have to be compared with the burdens imposed by unemployment—in particular unemployment among young people—and the improved chances of overcoming these permanently. Anyone who would let things take their own course as they have in the past or who believes in patent remedies in economic and fiscal policy, ought to cease giving priority in his public assertions to the restoration and permanent safeguarding of full employment—accompanied by general price stability and better environmental protection.

Once again: the development that we are trying to effect or the method proposed here would have positive effects not only upon oil consumption, but also upon general domestic price tendencies and would also be important for

interest rate trends. The FRG can only liberate itself from the international --read American--pattern of interest rates, if it does not have to offset its balance of payments deficit by borrowing abroad at money market rates and, not least, because there exists a tendency for the mark to appreciate in value and fiscal policy is aimed at a reduction of the deficit in the government's overall budget.

For the very reason that it does not appear as if U.S. tax and budget policy is going to lead to lower budget deficits in the next few years, with the result that U.S. interest rates will continue to fluctuate for a relatively long time at their awesome scale, we will have to unhitch ourselves, by our own efforts, from this scale and its adverse influence, to the degree that this is possible.

Nonetheless, too early and too severe a reduction in long-term interest rates in the FRG as compared to the international interest rate level could once again make our currency attractive for foreign borrowers, which could lead to very undesirable, long-term capital outflow or inadequate capital inflow, if investors or lenders did not have any compensating expectations of upward valuation.

This is also what the Bundesbank meant when it wrote in its December report, "The adaptation process in foreign trade and payments is by no means yet completed and must be vigorously continued if foreign constraints upon monetary policy are to be eliminated." Put another way: if expectations of an upward valuation of the mark are not satisfied, then each additional reduction of capital market interest will lead, by way of corresponding capital outflow, to a devaluation and thence to a worsening of international terms of trade and finally to corresponding price and cost increases.

Even after an increase in the oil tax to, say 7 percent, the FRG would still have a very low gasoline price when compared to other European countries. A motorist with an average performance car and with an average mileage would in this case be burdened with an additional 7 DM a month. Despite the hardships that could ensue in particular cases, when compared to the economic advantages that would result, even for individuals, this appears to be within tolerable limits. To put it somewhat more pointedly—we must ask ourselves whether one segment of wage earners can commute more cheaply to work or whether there will be several hundred thousand fewer unemployed, because through the combined and reciprocally reinforcing effect of our measures, correspondingly more new and additional jobs will be created.

Over the past two decades, under the impact of false market signals set off by low oil prices (and probably also reinforced by government housing construction policy and the immigration of a great number of foreigners), manufacturing and housing developments as well as housing styles have been created, which have resulted in many workers having to commute long distances to work. Looked at in very long-range terms, the pressure of new commuting costs brought about by oil price increases has produced an urgent need for changes that will be necessary if the consumption of motor fuel is to be reduced drastically as part of our overall conservation efforts.

This process of adaptation will require time and, for many people, lengthy commuting distances to work will, in any event, be unavoidable for a long time. One thing that could be done for these long-distance commuters, who have substantially longer distances to travel and are absolutely dependent upon their car to get to work each day (but who, because they live outside areas of urban concentration, also bear lower rental costs), would be to increase the tax-deductible allowance for travel to and from work, thereby easing the burden upon this group. They can also be assisted by support of car pools and by the expansion of public transportation systems, making them more attractive to riders and increasing their efficiency.

It is also very likely that as a result of the vigorous effort simultaneously to reduce oil consumption and lessening the deficit in the balance of payments, international confidence in the mark would be strengthened and the mark's exchange rate so improved, that the dollar-denominated domestic oil price would not necessarily have to rise. There is no reason why the exchange rate of the dollar should remain at DM 2.20/2.30; at its lowest point 2 years ago it was traded at DM 1.72. Because of differing rates of inflation the mark has lost about 10 percent of its purchasing power since then, while the dollar has lost about 20 percent. In comparison with the dollar the mark has made a relative gain in domestic purchasing power. Sooner or later these differing trends in domestic purchasing power will make themselves felt in exchange rate relationships. It is already an unusual situation, which cannot continue indefinitely, when investors seek out the high nominal interest rates of countries with high inflation rates and apparently do not see at the time any inverse exchange rate risk. In the long run, however, the basic forces--the real interest rate determined by economic stability and the domestic value of currencies, will make themselves felt in favor of the mark, if we have the courage and the power to create better prerequisites for them.

9878

CSO: 3103/321

NEW HEAT INSULATION DECREE PASSED BY BUNDESRAT

Duessoldorf HANDELSLBATT in German 19-20 Feb 82 p 28

[Article by Robert Scholl: "A Standard for Energy Conservation in Construction"]

[Text] The Federal Council, during its meeting of 12 February, finally gave a green light for an ordinance of great importance to the construction industry which places new requirements on energy-saving insulation in buildings.

This new heat conservation ordinance, which is based on the presently applicable ordinance of 1977, goes into effect on 1 January 1984 after a suitable transition period (see Handelsblatt of 15 February 1982). Architects, engineers, building material manufacturers, builders and craftsmen are supposed to be, even now, coming into line with the new requirements.

The objective of the heat conservation ordinance is to reduce energy consumption in new and existing buildings. Through higher requirements on heat insulation, heat losses via the external surfaces of buildings will be reduced by 20 to 25 percent. This 20 to 25 percent is a function of heat-transmission coefficients. Heat losses in buildings occur at various places, for example through the external walls, windows, roofs and basement floors. The specified values in the heat conservation ordinance are not aimed primarily at the individual building components, but rather at the composite of all external components which are avenues for heat loss. The total heat loss of the outer shell of the building is determined from the component values using a relatively complicated formula which weighs the individual components. This is the value specified in the heat conservation ordinance. In this way, freedom is retained to adapt the heat insulation measures to the style, detail design, and economic factors of the individual building.

In general, the heat conservation ordinance establishes requirements for new buildings. In complying with the ordinance it is fundamental that heat conservation measures be considered during the planning stage and that they be theoretically demonstrated. This demonstration is analogous to demonstrations required in other areas, such as for static structural stability or environmental conservation in connection with construction. It must be presented with the application for construction authorization and is a responsibility of the architects.

The builder is supposed to know where energy can most effectively be saved; but in any case the rationale of the new heat conservation ordinance presents in detail the most important specific areas for successful application of conservation measures. The outer wall is singled out as an especially sensitive component from the standpoint of economics. It is stressed that the new heat conservation ordinance will not, as is often feared, force single-layer walls off the market. Developments in the building material sector in recent years have made single-layer walls thoroughly competitive with multilayer walls. Wall thicknesses of 36.5 cm, for example, are viewed as economically justifiable at present energy price levels. Insulation of attics and floors is seen as an area where significant improvements can be made and justified on economic grounds.

The new code for the first time also places requirements on additions and modifications to existing buildings. In the future, anyone who modernizes or renovates a building must observe certain minimum energy-saving requirements. This will ensure that easily realizeable energy saving measures are not neglected when renewing, initially installing or replacing building components, things done quite often in practice. Compliance with these specifications will not be monitored since compliance is in the best interest of both owners and renters. The regulations create binding guidelines for architects, engineers and craftsment; and they introduce an immediate requirement for changes in planning and applying insulation to existing buildings.

As for any investment, investments in the area of energy conservation also have to be subjected to the economics criterion which is fundamental for all requirements promulgated in this area by the lawmakers. If the expected annual increase in the cost of energy is included in the consideration, then the economics criterion is without doubt more than satisifed by the new ordinance. Of course, the new requirements involve added costs. These will cause a problem for contractors who for other reasons are already working against cost limits. But in any case, it should be noted that the cost increase for new buildings due to the new heat conservation ordinance comes out relatively small, estimated at about 2 to 2.5 percent. The capital expenditure of owners and the higher rent of renters will be paid back in just a few years by lower energy costs. One should recall that the impact of the 1977 ordinance on building costs are criticized at the time of its release; however, all criticism soon died because of the potential it offered for saving on energy costs.

9160

CSO: 3103/310

ENERGY ECONOMICS NETHERLANDS

POLICY ON NATURAL GAS IMPORTS, ATOMIC ENERGY

Zurich NEUE ZUERCHER ZEITUNG in German 26 Feb 82 p 9

[Article by "pmr": "Dutch Energy Policy Lacking a Clear Course"]

[Text] Brussels, 24 Feb--In the last 10 years, the Netherlands has pursued a "ziqzaq energy policy." This candid observation was made by the left-liberal Minister of Economic Affairs Jan Terlouw at the beginning of this week, before the Dutch parliament. And the minister immediately added another new about-face. future the importing of natural gas, he announced, is to be restricted as much as possible. Whereas in recent years the government had been trying mightily to conclude as many long-term import contracts as possible. By this means it wanted to conserve its own reserves and ensure gas supplies even after the year 2000, when the Groningen mineral resource would be approaching its exhaustion. Up to now, a delivery contract exists only with Norway, for an annual 2.5 billion m<sup>3</sup>, which from 1985 on is to be increased by another 0.7 billion m<sup>3</sup> per year. Negotiations with Nigeria and Algeria concerning the delivery of liquid gas have been frustrated. The Netherlanders want to take part in the Russian natural gas pipeline deal at the level of at most 2 billion  ${\tt m}^3$  annually now, instead of the 4 billion m originally considered. The talks with Moscow would continue, as Terlouw explained, above all for the purpose of not jeopardizing the international credibility of his country.

Higher Reserves Than Supposed

This surprising change in natural gas policy is due to more than just the steep increase in domestic reserves. New discoveries and consumption reductions have caused the estimates about the "certain" reserves in the year 2007 to soar to 1543 billion m³--something which, given the present domestic consumption of just under 50 billion m³ annually, would last even far into the next century. On the contrary, Terlouw openly admitted that a decline in the use of domestic natural gas due to increased imports would have "disastrous consequences" for the budget. In the current year, finance minister Van der Stee has been contending already with severe setbacks in connection with natural gas receipts, which had been estimated originally at 24.5 billion guilders or 18 percent of the total national revenues, but because of a coupling to the falling oil prices these will turn out to be lower by at least 2 billion guilders after the latest estimates. In order to tap new financial sources, the government—which first came into power just last autumn—had already broken with the previously followed line and had decided to use more natural gas for electricity generation.

# Understandings With Esso and Shell Untouched

However, on another point the economics minister remained insensitive to the needs of his colleague in the finance ministry. He steadfastly refused to cancel the "gentlemen's agreement"—vehemently criticized above all by the socialist governing fraction—with the two petroleum concerns Esso and Shell, although if this were done the Treasury would be able to collect up to 3 billion guilders more annually. In 1980, the liberal economics minister Van Aardenne then in office had agreed with the two concerns, which together are exploiting the Groningen natural—gas reserves, that the profits to be expected for this natural gas business between the years 1980 and 1984 would be invested by them entirely in the Netherlands. But in parliament others besides the socialists had demanded that the additional profits brought about through a coupling to the petroleum price should be siphoned off by higher taxes and used for the creation of new jobs.

The liberal Van Aardenne had a higher opinion of private investment decisions than of governmentally directed programs. His left-liberal successor Terlouw endorsed this opinion and argued that once they are made, arrangements must not be violated needlessly if the faith placed by business in the government is not to suffer serious damage. However, the minister promised parliament that certain obscurities in the present agreement would be eliminated. Thus it is to be made clear that government investment premiums and maintenance work do not count as part of the agreed-upon sum. According to the most recent information, by 1984 Shell and Esso intend to have invested about 8 to 8.5 billion guilders each in the Netherlands. But critics think that the two concerns would have made these investments even without the gentlemen's agreement, and in any case they could have easily financed these from their enormous accumulated depreciations.

# Great Energy Debate

In another area, that of nuclear energy, the Dutch government is marking time again. After the new economics minister finally succeeded in setting in motion the "great energy debate" which had been publicized for years, for the time being in fact all decisions are blocked. The "great debate," which will cost about 27 million guilders, is to be concluded with a final report only in the second half of 1983. Nevertheless, a commission of scientists which has not yet been definitely assembled is to be entrusted to come to a decision within 6 months already on the closing of the two existing nuclear power plants of Borssele and Dodewaard. In their election platforms, two of the present governing parties, the Socialists and the Democrats '66, had promised a rapid closing of these nuclear power stations. But the third coalition partner, the "Christian Democratic Appeal," is said to find it more logical to come to a decision only after the conclusion of the "great energy debate."

12114

CSO: 3103/297

DIHT 1982 FORECAST ON FOREIGN, DOMESTIC DEMAND;

Bonn DIE WELT in German 17 Feb 82 p 9

[Article by Hans-J. Mahnke: "Only Foreign Demand Holds Reliably for 1982"]

[Text] German business remains fragmented. Domestic and foreign business continue to diverge according to a survey by the German Chamber of Commerce and Industry (DIHT) involving 14,000 firms. German business competes successfully in foreign markets while domestically orders flag and investments and consumption weaken. Overall, the firms anticipated no fundamental business improvement this year.

At least for the first half of the year, the firms expected a continuation of the present unsatisfactory situation, as DIHT Business Director Franz Schoser related to the press in Bonn. Of course, projections and business expectations varied significantly between industry branches and between individual companies. Thus the basic materials and production goods industry is facing stagnation due to the deplorable situation in construction and decrease in domestic demand. The steel industry sees little improvement in sales; however, they hope to be able to pass the legally allowed price increases on to the market.

Because of receeding investment activity, the investment goods producers do not see an early upswing in business activity. "For broad segments of the consumer goods industry, maintaining the sales level of 1981 would be regarded as a success," explained Schoser. The transportation industry is being depressed by a shortage of goods to move. Retail trade expectations are dampened.

The DIHT survey shows that business will invest less in 1982 than in the previous year; however, the investment rate will not be significantly lower than in the fall of 1981. Reduced investment is primarily the result of "drastically worsened profits and continued favorable profit projections." The focal point of 1982 investments, according to the DIHT survey, will lie in the area of vehicle and machine manufacturing. But even here developments are uneven. Investment continues to be lively in the area of special machine construction; but on the other hand, the situation is critical in the industries which make construction and farm equipment.

Exports remain a ray of sunshine. The firms project that foreign demand will remain generally stable; and the high level of last year may again be achieved. Especially confident are the vehicle and chemical industries and segments of the electronic and machine building industries. Also the installation construction industry considers its chances good in exports. Comparatively unfavorable expectations prevail in the iron producing and metal fabricating industries.

"The overall favorable export outlook should not cause one to overlook the fact that foreign business carries significant risks," stressed Schoser. The greatest risks lie in exchange rate developments; in the spread of protectionism primarily in France, Italy, Great Britain and the United States and in the increase in balance-of-payments problems. German exporters still have significant disadvantages in international competition due to export financing.

Even if business picks up in the second half of the year, it will not likely lead to a strong increase in employment. Too many firms still have excess workers in view of the low utilization of capacity, and many have gone to a reduced work week. A further reduction in force is planned, including layoffs. References to new hirings are absolute exceptions. The shortage of skilled workers has decreased. The situation is more favorable for firms which are heavily involved in exporting, such as the automobile and facility construction industries.

Most firms project profit losses also for 1982 since costs cannot be passed on to customers. The cause of this is the increasingly sharp competition in the building industry and the absence of demand in the governmental sector.

9160

CSO: 3103/310

PAPER URGES MOVES TO EASE EFFECTS OF LESS EAST BLOC SALES

Helsinki HELSINGIN SANOMAT in Finnish 26 Feb 82 p 2

[Editorial: "Need to Cut Exports to East Should Be Reduced"]

[Text] The value of Finland's exports to the Soviet Union increased by 60 percent last year after having already increased by 55 in the previous year. The debts caused by increased oil prices were paid quickly and accounts receivable began to accumulate at a rapid rate last year. The level of exports perceptibly exceeds the amount of sales which is needed to pay for the imports of this bilateral trade.

The opportunity to increase exports to the Soviet Union has been especially valuable for Finland since sales to the West have fallen off due to the recession. However, this rapid growth has also brought about additions to such production capacities and has created completely new production facilities which are dependent on temporary record demand.

Exports to the Soviet Union must now be cut back even with a heavy hand since there are no other means for balancing this trade. Increasing the amount of imports is difficult and the exchange of commodities is built on a balanced basis.

The Licensing Office has had to deny export licenses with respect to deliveries already agreed upon with the Soviet clients. This becomes an unpleasant surprise for enterprises particularly in the event that the products have already been manufactured. Nevertheless, the Licensing Office cannot be criticized for the fact that it is adhering to the quotas of the commodity exchange schedule and is exercising stricter supervision over the domestic level of contribution to products.

The balancing of trade with the East also requires government actions as well as negotiations with the Soviets. Careful preparations should be made for the discussions to be conducted with officials of the Soviet Foreign Trade Ministry in April.

However, an attempt must be made by the enterprises themselves first of all and by their organizations also to reduce the detrimental effects of cuts in exports to the East. Production must not be made dependent on record demand or individual markets. For example, the opportunities of the Finnish clothing industry are relatively good on the international markets. Traditionally, the majority of these export items already goes to the West. Finland is one of those few Western European countries whose clothing exports are much greater than its imports.

Since exports to the Soviet Union must be cut back, it is imperative that it occur in the most beneficial manner possible from the point of view of the export structure. Forceful import efforts for the purpose of increasing exports to countries involved in bilateral trade must be avoided. It is also does not make any sence, if the cheap exporting of subsidized food products takes too much space away from other exports.

Leaving the strategy of trade with the East in too great a dependence on the Licensing Office becomes expensive and causes unnecessarily large problems for production and employment. We must be able to resolve the situation in such a way that the necessity of forced cuts can be kept to a minimum. In addition to the negotiations to be conducted with the Soviet Union and attempts to increase imports from there, it is time to increase export efforts in other markets that are now gradually recovering.

10576

CSU: 3107/78

TRADE WITH ROMANIA CONTINUES DESPITE DEBT

Athens ELEVTHEROS KOSMOS in Greek 24 Feb 82 p 6

[Text] The Romanians, like the Libyans, are interested in long-term economic cooperation with our country, in the frameworks of developmental programs for both countries, even though they owe us around 20 million dollars for our exported products—for which payment has been delayed for quite some time—and despite the other problems of trade exchanges.

The agreement for long-term Greek-Romanian economic cooperation is expected to be signed next May during Romanian President Ceausescu's visit to Greece.

This emerged from the new conference of the mixed interministerial committee for Greek-Romanian economic and technical cooperation, which began on 23 February at the Ministry of Coordination. The head of the Romanian delegation is Minister of Machine Tool Industry, Electrical Engineering and Electronics Petrescu and, on the Greek side, Minister of Coordination Lazaris.

The Problems

During the 23 February session, the problems which have already emerged in trade exchanges between the two countries were pinpointed; they relate principally to:

- 1. The serious delay, due to the liquidity problems the Romanians are facing, in paying for Greek products which have been exported to Romania. It is calculated that the Romanians are late in paying for exports worth 20 million dollars.
- 2. The necessary restructuring of trade between the two countries, sinc the Romanians provide us basically with industrial products, while Greek exports to Romania primarily include agricultural products.

Also involved, and a serious problem, is the issue of transferring to Greece the pensions of "political refugees" (former gang members); due to the same reasons for exchange problems, Romania is unable to pay their pensions in currency.

The interministerial conference was also occupied with issues related to bilateral cooperation in the sectors of industry, agriculture and drillings.

As Minister of Coordination Lazaris stated after the session, both sides would like for there to be long-term cooperation in the frameworks of developmental programs for the two countries.

9247

CSO: 4621/214

# AGREEMENTS WITH SAUDI ARABIA VIEWED

Athens TO VIMA in Greek 19 Feb 82 p 1

[Excerpt] A series of economic agreements is going to be promoted by Foreign Minister I. Kharalambopoulos during his visit to Saudi Arabia; he is also expected to sign an agreement for economic cooperation which will provide for creation of joint enterprises and investments.

In addition, Mr. Kharalambopoulos will discuss the possibility of signing two more agreements. With the first, a Saudi Arabian loan, with exceptionally favorable terms, will be granted to Greece; with the second, the road will open for deposit of about 500 million dollars in Arab capital in Greek banks. The governor of the Bank of Greece, Mr. Arsenis, who will accompany Mr. Kharalambopoulos, will also have talks in Jedda on this subject.

Moreover, it is expected that Mr. Kharalambopoulos will promote the agreement, which has already been signed, for procurement of 500 million tons of Saudi Arabian oil in 1982.

9247

CSO: 4621/214

ICELAND MOVING TO DIVERSIFY ECONOMY FROM DEPENDENCE ON FISH

Stockholm SVENSKA DAGBLADET in Swedish 2 Mar 82 p 8

[Article by /gneta Ullenius]

[Text] The government of Iceland has started a purposeful industrial policy of exploiting the dormant water power and geothermal energy and reducing the traditional dependence on fishing. In that policy it is quite conceivable that there will be cooperation with foreign firms, especially Nordic ones.

"We mean to rely primarily on energy-intensive industries," says Hjörleifur Guttormsson, minister of industries. "But the government has also determined that the industry shall be controlled by Icelandic authorities and take account of employment, regional planning, and environmental protection."

# Fisheries Central

Iceland is extremely vulnerable economically; three fourths of the income from exports comes from the fish industry, and it is easy to understand why in the 1970's the Icelanders fought for and won the right to control the fishing banks. The "fishery wars" of 1961, 1973, and 1976, with several serious clashes between Icelandic coast guard vessels and British trawlers, resulted in Iceland's extending its fishing zone limit to 200 nautical miles from land.

Even in times to come the fishing industry will occupy a central place in the economy of Iceland, but it will not, as it formerly did, mean "life or death" for the island nation with some of the best fishing banks in the world. In the 1960's the fishing industry accounted for 90 percent of Iceland's total exports. Today other products are also exported, and the fisheries account for only about 70 percent.

Shipbuilding and the wool and hide industries are other branches that will play a significant part in developments during the 1980's. In addition, attempts are being made to establish new industries based on native raw materials and energy.

### Well Supplied With Energy

After the great Icelandic resources fish and pasturelands, energy has recently begun to occupy a more and more prominent place, and many think that Iceland's

economy in the future will be based mostly on energy resources--water power and geothermal energy.

Iceland is uncommonly well situated with regard to energy, which for the most part is unexploited. Of the available water power only about 10 percent is utilized. Of the geothermal energy a still smaller fraction is utilized.

As a result of the energy crisis Iceland's unique energy resources have increased in value, and this in turn makes it more profitable to establish energy-intensive industries. Ministry of Industries Hjörleifur Guttormsson wants to invest in bigger energy-intensive industries which have good possibilities of creating employment.

The energy-intensive industries now in Iceland--the Swiss-owned aluminum smelting establishment Alusuisse a few miles from Reykjavik, the nitrogen fertilizer plant in Gufunes, and ferrosilicon, kieselguhr cement, and algae powder plants--do not at present account for any great part of Icelandic industry--about 10,000 of about 36,000 jobs. But during 1979 these industries used about half of the total primary energy that was produced in Iceland; the aluminum smeltery alone used 40 percent and also accounted for 13.5 percent of Iceland's total exports.

# Disagreement on Ownership

There is an interest across party lines in expanding the energy-intensive heavy industry, but disagreement within the parliament, the Allthing, with regard to the property relationships in the new industry. The aluminum smeltery is owned 100 percent by the Swiss firm Alusuisse, but when new industries are established the Icelandic state wants to participate with at least 50 percent of the ownership. That applies, e.g., to a Japanese project for a new aluminum smeltery. In addition the state makes great demands in regard to the environment and is negatively disposed toward the economic dependence on foreign countries that the capital-intensive industries may bring about.

But Iceland is not averse to seeking cooperation with foreign industries and organizations in coping with this investment. According to Ministry of Industries [Hjörleifur] Guttormsson, the Icelanders will prefer to seek cooperation with Nordic industrial concerns, and the Nordic Council and the Nordic Investment Bank may play an important part in this.

# Inflation a Stumbling Block

Throughout the 1970's there was lively debate on industrial policy in Iceland after the entry into EFTA in 1970 and the trade agreement with the EC 2 years later. After some bad years for the fisheries, 1966-1968, it was realized that industry must be expanded to create alternative jobs. And it is precisely in regard to employment that the industrial policy can be said to have achieved its goal; Iceland has barely 0.5 percent unemployment.

Instead, inflation has been the big stumbling block ever since the poor fishing years in the 1960's, when the herring more or less disappeared. This year the government is counting on reducing inflation, which since 1940 has attained Latin American proportions, to less than 40 percent.

8815

CSO: 3109/118

ENI PRESIDENT INTERVIEWED ON INVESTMENT IN SOUTH

Palermo GIORNALE DI SICILIA in Italian 17 Feb 82 p 2

[Interview with Alberto Grandi, ENI president, by Italian newspaper GIORNALE DI SICILIA: "ENI: Invest in the South but Tighten Up in the North"; date and place not specified]

[Text] Palermo--At the conference of government agencies Monday morning, a breath of fresh air came from ENI. Asked by president of the D'Aquisto region to respect the commitment to maintain employment levels in the chemical industry, Alberto Grandi, president of the agency, responds, "This commitment is valid, as long as I am not asked to do the same in other regions."

[Question:] President Grandi, is there strong pressure to keep ENI out of the South? Who is doing the pressuring?

[Answer:] Let us proceed with order. We are committed to revitalization of the activities of the group, and we have chosen entrepreneurial convenience as a criterion. We have to calculate a bit: so much for investments gives so much in employment, then we have to see if it is economical or not. It is a criterion that we intend to respect rigorously.

[Question:] Is it a method that will keep you out of Sicily?

[Answer:] I would say no, on the contrary. We are a government agency and cannot be insensitive to social problems. So, equal to economic feasibility, investments for new installations must be made, keeping crisis points in mind: these are Sardinia and Sicily. Nor can we forget the problems of employment. Not that we don't have employment problems in the North as well. But someone unemployed in the North can be more easily recuperated by the productive sector than someone in areas such as Sardinia and Sicily.

[Question:] Is there resistance to this principle?

[Answer:] Not concerning the general plan. Resistance starts up every time there are concrete choices to make.

[Question:] Can you give us some examples?

[Answer:] The Milazzo refinery. We're talking about a technically valid structure. It needs investments but should be developed. It must refine 12 or 13 million barrels to become competitive. At present, we are at a quota of 2 and 1/2 or 3 million barrels. Therefore, to increase at Milazzo, we have to reduce somewhere else.

[Question:] Where?:

[Answer:] I would say La Spezia, where, among other things, the possibility of docking for ships over a certain load is impeded by the shallow water.

[Question:] Should a choice between Milazzo and La Spezia be made?

[Answer:] Milazzo shouldn't be a problem. And then, I would not be able to sell the refinery at La Spezia to anybody, while I think I could find a partner for Milazzo. But a revolution is going on at La Spezia.

[Question:] Can you cite other examples of resistance to the South?

[Answer:] There is by now a useless mechanical-textile installation near Milan. This was in the agreements, but now that the crisis is upon us, they want to keep it open. To me, it's useless. Where it has become necessary, then, it is opportune to locate in the South. In short, as the space for new investments is not unlimited, rather, it is very reduced, choices have to be made: cut down in the North and build up in the South, there is no getting around it.

[Question:] Concerning the ethylene-oxide installation that will be located in Sicily--will there be pressures to overcome?

[Answer:] There is a long story here, too. A year ago, after reaching an agreement with the region for the cracking of Icam, which produces ethylene, we committed ourselves to the ethylene-oxide installation. The technicians then asked that the ethylene-oxide plant be located at Ravenna.

[Question:] Why?

[Answer:] Since the danger makes it impossible to transport the oxide, an installation in Ravenna would have made the access to markets for derivative products of ethylene-oxide easier, as the market is greater in the North.

[Question:] Did you choose Gela instead?

[Answer:] Yes, and not only to keep faith with our commitment to the region; we did it to qualify the production lines linked to the ethylene products because of the cracking of Icam, which is one of the most modern in Europe. Rather, the region should speed up the untying of those bureaucratic knots which are still impeding the installation from getting started.

[Question:] Together with the region, ENI will start an agency in Sicily which will study new investments. Is there a basis for these hopes?

[Answer:] The agency is important. But here again, we are returning to the previous topic. Reasons of entrepreneurial evaluation, and also the consideration that a good part of the presence of ENI is concentrated in this area force us to reserve all possible investments for this area. As long as we don't try to do the same elsewhere. To sum it up, the blanket is short, if you want to keep your throat covered, you uncover your feet. We maintain that you have to keep your feet covered.

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# ELECTRONICS PLANT NEAR COSENZA INAUGURATED

Bari LA GAZZETTA DEL MEZZOGIORNO in Italian 15 Feb 82 p 4

[Text] The installation at Piano Lago (in the area of industrial development: Valle dei Crati and Piana di Sibari) of the new DNE (Digital Network Engineering, SpA) plant, apart from being a complete newcomer in the industrial policy of the South, without a doubt constitutes an extremely positive reality and experience, being, as it is, the concrete result, in terms of structures, technology and employment, of an industrial strategy demonstrated indispensable for the initiation of a real process of qualitative and quantitative development of southern Italy.

In fact, at the inauguration of the huge complex which almost rises over the port of Cosenza, Claudio Signorile, minister for extraordinary intervention in the South, insisted on emphasizing the massive process of reconversion of the productive structures. This concentrates, in the South, industries diffused across the territory with technologies capable of producing high added value; DNE fits perfectly in this framework, and in this prospective it represents a decisive step ahead in the direction of an economic policy which can deal, in new and adequate terms, with the essence and vastness of southern and national problems.

DNE was founded in 1978 (Tran Telecommunications of Los Angeles, a subsidiary of the Amdahl Corporation and Insud, New Initiatives for the South, a finance company related to the Fund for Southern Italy, are equal partners) with the aim of creating an industrial structure of the production of high technology electronic systems for digital networks for data transmission in southern Italy. In 1979, the company began productive activity in a temporary seat at Rende, near Cosenza; at the same time, it became involved in the preparation of about 40 new graduates and technicians, all from the South; cooperating as well were Formez and the Csata Research Corporation of Bari, of which DNE is a founding member, as it is also for the Crai Research Consortium of Cosenza. Seventy people are employed at the Piano Lago installation, and full employment is foreseen to be about 140 people.

DNE produces electronic systems for the construction of integrated data transmission networks, from the simplest (single user), to the most complex (multi-user), to which data terminals, word processing terminal, electronic postal systems, data banks, etc., are connected to facilitate intercommunication, so that all those services of industrial communications which go under the name of Telematics can be established.

The choice of going into an extremely advanced sector—as stated by Gianni Zandano, president of Insud, as he illustrated the aims of the new company during the inauguration ceremony at the Paino Lago installation—results from the knowledge that the process of productive decentralization going on in the world makes necessary the reconversion of the national productive base to sectors whose competitiveness is based on research and innovation of process and product. Therefore, the South, where traditional production already seems to be in crisis today, can and must develop productive processes at the highest technological level, processes at present absent or barely present in the national industrial apparatus, if Italian production is going to be competitive in world markets.

Three motives are added to the more general motivations concerning the South as a whole, to indicate the priority and opportunity for the localization of DNE at Piano Lago, Calabria: first, the necessity for the promotion of privileged in those areas at presently still excluded by the self-propulsive phenomena of development which follow precise geoeconomic patterns; secondly, because in Calabria there is a high level of education, oriented to scientific studies, and a strong request for higher levels of culture which permits the use of intellectual energies available in the specialized fields of an advanced industrial economy; finally because of the presence of a prevalently technology-and-science-oriented local university, as well as research consortiums, working together with the universities, such as the Cral of Cosenza, and the Csata of Bari, where teachers and researchers of a very high professional level work.

The close ties with the university and the association with research consortiums are, in fact, indispensable to the entrepreneurial success of a large-scale initiative such as that of DNE; its personnel consists in 60 percent college or junior college graduates and 40 percent very highly specialized technicians.

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# EXPORT PROCEDURES RECEIVE MAJOR STREAMLINING

Istanbul DUNYA in Turkish 31 Dec 81 p 1

[Text] Ankara--Bureaucratic formalities are being reduced to a minimum in the 1982 export system, which was designed by the Ministry of Trade and submitted to the office of the prime minister and is now being studied by the SPO [State Planning Organization] Incentives and Implementation Office.

The Ministry of Trade, which prepared the 1982 export system decision, made changes to reduce the number of steps in areas in which the formalities to be followed in order to export were required by the ministry itself. However, legal amendments are necessary for the portions of export operations that remain outside the jurisdiction and authority of this ministry.

According to information that has been received, several difficulties are being encountered in achieving changes to streamline procedures that are requisite the moment goods are submitted for exportation and thereafter.

Ministry of Trade officials, who claim that innovations introduced by the Ministry of Finance as part of the January 1980 economic stabilization program to the foreign exchange system such as prefinancing foreign exchange, the right to import goods valued at the amount of foreign exchange brought in, and the assignment of foreign exchange for business trips, report that these regulations "are not capable of dealing with present-day conditions." At a meeting held a while ago to reduce export formalities, which was attended by SPO officials along with the ministers of trade, finance, and customs and monopolies and chaired by Prime Minister Bulend Ulusu, Ministry of Trade officials requested that the declarations form for goods leaving customs be modified and that the number of copies of the form be reduced. At present, the declarations form for goods leaving customs, which proves that exportation actually took place, is issued in seven copies. Officials stated that "it is not necessary for control documents to be sent to official banks" as required in articles dealing with the supervision of the customs office in particular, because it is the bank's function "already to check up on the foreign exchange brought into the country in exchange for goods."

Also discussed at the meeting was the exemption from the customs export declaration for those items that benefit from tax rebates. It was asserted that the copy of the statement that goods left customs that is sent to the official bank by the customs office following exportation bears adequate information, that it would be sufficient for the exporter to apply to the official bank for his tax rebate when the foreign exchange for the exported goods arrives, and that the bank could solve this problem together with the Central Bank.

Among the proposals to simplify exportation was the elimination of the "declaration-contract" that was required to be added to the declaration for goods leaving customs in accordance with exportation communications listed under Decision No 17 dealing with the protection of the value of Turkish currency. It was asserted that this document, which is a contract promise that foreign exchange brought into the country following exportation will be sold to a bank and that the exporter will not violate export-system Law No 1567, is unnecessary and that the reason for requesting a separate contract to bring in foreign currency in exchange for goods is "not understandable."

Another proposal brought up at the meeting was to "lift the need for an agent's letter." It was claimed that the name of the agent, the mode of transporting the goods, and other essential information are listed on the the customs export declaration and that the requirement for the exporter to provide a separate agent's letter and certification results in a waste of time and in unnecessary expense.

When proposals dealing with bureaucratic formalities following the dispatch of goods were made, it was noted that, at present, copies of the declaration for goods leaving customs are required by 12 different officials and that this does nothing but prolong procedures. It was also stated that a unit of the same organization acts as "a separate service" and demands yet another declaration. In order to solve this problem, it was urged that forms certified by the official bank be considered sufficient by officials who wish to be shown declarations of goods leaving customs.

In addition, it was proposed that the "registration and license declaration" and the "sales invoice" be deleted from the formalities needed for receiving the tax rebate. At present, an exporter who seeks to benefit from the tax rebate must present the customs export declaration, the foreign-exchange sales receipt, a copy of the registration and license declaration, the sales invoice, an expertise report, the transportation invoice to determine in which tax category to place the goods, and, if the exporter is not the manufacturer, the purchase invoice.

While work to streamline exportation continues under the leadership of the prime minister's office, it is pointed out that it will take time to make the transition to the new procedures from the standpoint of foreign exchange and customs regulations and that both customs and protection of the value of Turkish currency statutes must be assessed in terms that befit conditions of the day.

11673

cso: 4654/118

# VIEWS GIVEN ON CREDIT TO AGRARIAN SECTOR

Istanbul DUNYA in Turkish 26 Dec 81 p 1

[Text] Ankara--The Higher Credit Regulatory Committee met in Ankara to establish 1982 credit-policy principles for the Agriculture Bank. In the meeting's opening speech, Minister of Trade Kemal Canturk said that use of 480 billion liras in credit through the Agriculture Bank has been projected for 1982.

Minister of Trade Canturk, who gave the opening speech of the Higher Credit Regulatory Committee, which, under Article 28 of the Agriculture Bank's charter law, is charged "with setting the major guidelines of the bank's general work and investment program," said:

"The economic program of our government clearly states that it will be of financial and real assistance in the area of agriculture as it is in other fields by providing credit at levels that will comfortably result in annual price increases for our farmers through increased productivity and through the sale of products at prices that reflect their full value."

#### Professor Ozbek

Minister of Agriculture and Forestry Prof Dr Sabahattin Ozbek spoke at the Higher Credit Regulatory Committee meeting and said, "It is not possible for the farmer to implement agricultural projects if he cannot obtain credit in time. To date, problems in issuing credit have been a reason for the inadequate development of agriculture." Ozbek continued:

"It is not possible for us to understand the bank's success when you invest money in a program and do not say how much of it the villager can use, how much of the credit that has been assigned will be given to the villager. The credit we seek from you is not imaginary. All the money that is requested is money that has been earmarked for use. Please look over the program you have designed one more time."

#### Erdem

In his speech, Minister of Finance Kaya Erdem asserted that the Agriculture Bank takes a leadership role in determining monetary credit policy and said, "If the working program that has been drafted is applied well, the monetary credit policy will also produce good results." Erdem reported that legal modifications dealing with the elimination of the Agriculture Bank's revolving credit will be put into effect within a short time. He went on, "We are determined that the Agriculture Bank be supported by sound resources and that revolving credit not be created."

# Guney's Speech

Minister of Village Affairs and Cooperatives Munir Raif Guney pointed out in his speech that "fertilizer prices are increasing a great deal." He asserted that credit made available to village development cooperatives should not be looked upon as commercial credit and that it would be beneficial "to reduce the cost of this type of credit from the current 50 percent to 18 percent." Guney reported that, if the interest rate were reduced, village development cooperatives would request support through the assignment in the program of 500 million liras in investment credit and 500 million liras in operating credit.

# Siklar's Speech

In his speech, Central Bank Chairman Osman Siklar recalled that the Agriculture Bank requested the opportunity for rediscounting for chickpes and bean purchases and a transition to preferential, supplemental reciprocal practices for short-term agricultural credit. He said:

"At the present economic conjuncture, the Central Bank, by paying close attention to the need for limited use of resources, will find it appropriate for the Agriculture Bank to meet the credit needs of cooperatives for crops such as beans and chickpeas, which are purchased in small quantities and which are very new export items. It is natural that our bank will examine the proposals that are made, including the principles and conditions for use of our moderate-term rediscount credit, which are known to the Agriculture Bank, for investments related with group organizations."

When announcing the principles the bank will apply in 1982, Agriculture Bank Director General Rahmi Onen said that interest rates for agriculture credit will be reduced in the new year. According to Onen's speech, short-term agricultural credit, which is now 22 percent, will be decreased to 20 percent at the first of the year and to 18 percent on 1 July 1982. Moderate-term and long-term agricultural credit will fall from 24 percent to 22 percent at the first of the year and to 20 percent on 1 July 1982.

Agriculture Bank Director General Onen stated that it was decided to maintain the present tractor interest rate and that the credit limit for this type of loan has been raised to 1 million liras.

Onen provided information regarding the Agriculture Bank's 1982 credit principles. He said:

"Credit interest rates for integrated animal husbandry have been lowered from 24 percent to 20 percent.

"The credit line for water departments has been raised from 500,000 liras to 2 million liras.

"The maximum amount of credit available to a farmer as controlled agricultural credit has been increased from 2 million liras to 5 million liras.

"It was deemed appropriate to assign 400 million liras for investments in fruit and vegetable projects.

"The credit limit for agricultural credit available to a union of cooperatives has been raised to 500,000 liras.

"A fund of 3 billion liras has been established for workers who have permanently returned from abroad and who wish to set up agricultural operations."

In his speech, Agriculture Bank Director General Onen urged that the bank's capital be raised to 50 billion liras and that the opportunity be created for treasury assistance in the amount of 1 percent of the budget.

11673 CSO: 4654/118

WASTED AGRARIAN RESOURCES ASSESSED

Istanbul DUNYA in Turkish 1 Jan 82 p 7

[Article by Munif Akmanoglu, graduate agricultural engineer]

[Text] In order to be able to attain the goal of high productivity and production in the area of agriculture, nearly half the annual crop income is put back into the ground in the form of seed, seedlings, saplings, fertilizer, irrigation, pesticides, depreciation of machinery and equipment, liquid fuel, labor, rent, and other expenditures. Let us say that the work is done by the individuals of a family and expenses for items such as irrigation, fertilizer, pesticides and herbicides, and the use of machinery are kept to the lowest possible level. We are not speaking about such cases, because production here will decrease by half or even more and there will be no change whatsoever.

But, when we recycle into the soil half the annual income, it is necessary to ask, are we able to benefit to the maximum from the amount of money we put in? In fact, from the agricultural standpoint, it is necessary to answer this question positively since benefits and a living are obtained, but, at this time, we are extremely far from being able to say "yes" for an assortment of reasons.

The inability to make optimum use of and to achieve the full potential of natural resources because of such factors as inadequacies and the lack of training on the technical level on one hand and the failure to take advantage of, as needed, the crops that are obtained present a critical picture from the standpoint of providing concrete examples of our being underdeveloped even in agriculture. There is no doubt that agricultural products, which cannot be delivered to the consumer due to the lack of or defects in marketing, storage, and transportation, are abandoned to fate -- to rot, in other words -- in the areas in which they are grown. Recently, on 26 November 1981, the following statements appeared in newspapers, "Close to 150,000 tons of potatoes raised this year in Erzurum, Erzincan, Kars, and Agri remain in the hands of producers. Buyers for potatoes, which were purchased at 20 to 30 liras per kilogram last year, cannot even be found this year at 6 or 7 liras a kilogram."

To have the entire crop one possesses spoil and still to be able to consider it a gain to feed it to animals and then to have this repeated time and time again reveals the problems that exist in the agricultural system.

It is also a fact that crops are destroyed in order to prevent prices from falling or rot in storehouses and depots because they cannot be used. If we do not have the figures as to the value of the crops wasted in these ways, it certainly is not because the amount is insignificant.

The problem is not one-sided. There is also an aspect which concerns the producer. The element of quality, which cannot be attained in any form in our agricultural products, plays an important role in reducing their value.

When nearly half the agricultural income is returned to the soil, it can be said that this constitutes lost opportunities for profits, for national resources. Is this anything different from taking the money we have in our hand and tossing it out into the street?

At a number of production centers, crops, especially vegetables, fruits, and industrial products, are thrown out because they cannot be used for the reasons cited. Isn't it a shame that most of the goods used to produce these crops, the fertilizers, pesticides and herbicides, seed, and liquid fuel, came from foreign countries? What can be said about the billions that must be paid in foreign exchange?

It is necessary to be aware that 6 to 7 million tons of fertilizer are used each year for agricultural purposes. Too, 60,000 to 70,000 tons of pesticide are utilized. As for the liquid fuel burned in agriculture, it is accepted that it is 1 percent of total consumption in developing countries. The expenditure for seed is a significant sum. Seeds planted each year amount to 500,000 tons for cereal grains; 15,000 tons for legumes; 160,000 tons for feed crops; 250,000 tons for industrial products; 8,000 tons for vegetable oils; and 13,000 tons for vegetables. Billions are spent on this. If we add to the total the depreciation costs of machinery, engines, and other equipment and the physical and chemical depletion of the natural structure of the soil, the enormity of the visible and the hidden expenses becomes obvious. And the large majority of these expenses entail huge outlays of foreign exchange.

When crops cannot be used in their proper place or when they are destroyed for various reasons, there is an enormous loss in national wealth. Such extravagance, such disorganization, and such tossing of money into the streets can be seen in countries in the process of development that have made it a habit to set out, unfortunately, only in an unplanned, unprogrammed, random, and uncharted manner. We talk about mobilization, an explosion in agricultural production, but, to the contrary, we remain a long way from taking advantage of the productivity that exists. The contradiction lies here. If your storehouse has a hole in it, you can work as hard as you wish to fill it, but it will be in vain.

The EEC countries as well as other western nations, as a result of very detailed calculations of our spendthrift ways, approach us knowingly at the most critical periods. As a matter of fact, a series of measures is directed toward preventing loss of value. Furthermore, these countries pay particular attention to preventing problems that would result in weakening the agricultural sector.

It is appropriate to mention continuous development in agriculture and increased productivity, but it is incomprehensible to allow the unconscious loss of value. If we cannot utilize our productivity, the huge expenditures we make along the way are shameful.

These are the thoughts that stick in our minds when we establish fertilizer factories and then spend billions in foreign exchange on this product each year.

11673 CSO: 4654/118 POLITICAL

SINOWATZ ON PARTY PROBLEMS, SOCIAL ISSUES

Vienna PROFIL in German 15 Feb 82 pp 16-17

[Interview with Fred Sinowatz, Austranian vice chancellor, Josef Votzi, date and place not specified: "Need for Purity"]

[Text] PROFIL: Mr. Vice Chancellor, your actions during the past year as deputy chief of government have given me the impression of a very quick-witted sparring partner in the political ring. When Kreisky gets up from his sick bed, however, you go quietly and without fanfare back to work.

Sinowatz: My view of the role of the vice chancellor is determined by Kreisky's condition and very broadly by my respect for Kreisky. That means I have to act only when Kreisky is truly incapacitated.

PROFIL: Let us try nevertheless to come to grips with the total picture of Fred Sinowatz in a political sense. Where do you stand, for example, within the Socialist Party of Austria on the ever more strongly erupting controversy between those for employment security and those for environmental protection? A nice sounding appeal for reconciliation of economy and ecology would probably not be sufficient in this case.

Sinowatz: I am convinced that we are living in a time of political upheaval. The phase of reconstruction has come to an end and a new idea has taken hold, to wit, the idea that an increase in wealth must not inevitably bring an increase in well-being. On the other hand, however, I am sure that continued economic growth is also essential to maintain what we have achieved.

PLOTIL: That is a typical Sinowatz answer. You consider both conflicting interests completely justifed but do not say where you really stand.

Sinowatz: I do not stand on either of the two sides. I am not one of those who say we need economic growth without regard for any other questions but I am also not one of those who say we can move forward on the basis of illusory ideas. I consider it essential, however, that these extreme standpoints be expressed because they clarify the positions for the man in the street.

PROFIL: The politician Fred Sinowatz is standing on the side lines, so to speak, and waiting to see who prevails. Doesn't your heart beat a little stronger for one side or the other?

Sinowatz: A government always awakens the impression that it pays more attention to the urgent and feasible issues of the day. Viewed thus we must also pay greater attention to the voices of those who are critical of us on this point.

PROFIL: Viewed thus are you therefore a potential member of the red-green platform?

Sinowatz: No. But I am certainly one of those who says that we must give thought to ensuring material prosperity. I am thus for a platform of broad and open discussions of these questions.

PROFIL: That is a very concrete theme within the Socialist Party of Austria which is also playing a strong role in election campaign tactics. Are you, like Federal Chancellor Kreisky, in favor of judging a vote for the Socialist Party of Austria as a vote for a renewed Zwentendorf referendum?

Sinowatz: I believe that Zwentendorf as a campaign issue is a great disadvantage for the Socialist Party of Austria. On the other hand honest politicians should say what they think is right. Now we have a power plant which is standing there ready, not a small thing economically speaking. But it is also true that many people regard Zwentendorf not so much as a fact but as a symbol of a new perception of the world.

PROFIL: But it seldom happens in electoral campaigns that people debate on the basis of an on-the-one-hand and on-the-other-hand analysis. People will ask, "If I vote for you will you also open Zwentendorf.?"

Sinowatz: I believe that on this question a very wide consensus must be sought even after the elections.

PROFIL: Are you therefore in favor of detaching this theme from the electoral campaign and subjecting it to a two-thirds hurdle in the next legislative period?

Sinowatz: Yes The two-thirds majority for a renewed referendum should also be binding in that case.

PROFIL: Kreisky and Benya believe that on this question even after the next elections there will be no consensus with the Austrian People's Party.

Sinowatz: Political facts have often changed before now.

PROFIL: With this view are you placing yourself against these two powerful politicians of the Socialist Party of Austria?

Sinowatz: That is just my opinion.

PROFIL: The socialist government in Austria must also wrestle more and more with the problem of climbing rates of unemployment. What do you think of the Dallinger remedies, giving up support for the labor market and cutting down on work time?

Sinowatz: If we continue this policy of full employment, which I support without reservation, then we must also make sacrifices. Here we have always held the opinion that we should stretch the budget as far as possible. If, however, developments in the labor market become still worse, such measures as Dallinger has proposed must also be discussed.

PROFIL: That also means sacrifice by government employees and self-employed people because these groups have been exempt from unemployment insurance up to now since they do not have any need for it.

Sinowatz: I certainly think that is worth discussing. One thing is certain; those who have the slightest income cannot be invited to come to the cashier.

PROFIL: Does your sympathy also extend to shortening work time?

Sinowatz: I am not an expert who knows how many additional jobs can be created by this means. It is surely also one way that work can be distributed among more people.

PROFIL: Do you believe that another week of leave would be worthwhile in this connection?

Sinowatz: If someone can show me that conclusively, then yes. As a matter of social policy it is certainly not an urgent necessity.

PROFIL: In connection with these questions there has been an intense public dispute between the trade union ministers Dallinger and Sekanina not only on content but above all on style. Do you believe, as Sekanina has said, that Dallinger is creating uncertainty among the population with his proposals?

Sinowatz: The Socialist Party of Austria has from the very beginning always stood for democracy in all spheres of life. This also includes unpleasant things. Therefore I consider a public discussion within the government also desirable. I believe only that we should not take different positions for reasons of personal status.

PROFIL: But who is right, Dellinger or Sekanira.

Sinowatz: I believe that the discussion on work time initiated by Dallinger was necessary and that it has produced a sensitization of the public.

PROFIL: The Socialist Party of Austria has now been in power for twelve years eleven of which you have yourself witnessed at first hand. There was a very intensive internal debate in the Socialist Party of Austria about the General Hospital (AKH) scandal and it is still going on as to whether the party has already gotten too fat and attracted too many flies and wheelers and dealers.

Sinowatz: The matter concerning the General Hospital has certainly caused many a shock within the Socialist Party of Austria. For that reason the need

has grown for purity, honesty and integrity and a certain way of life which people expect from a socialist functionary. I don't mean that he continuously goes around in a monk's habit but that he doesn't give up his identity.

PROFIL: But that is more like wishful thinking than reality.

Sinowatz: I like wishful thinking.

PROFIL: What do you wish for the most?

Sinowatz: At a time in which people can no longer count on a further growth in material well-being we should be the ones who can open ourselves up to debate. It begins with the way of life and extends to examination of many things which have been taken for granted. It includes representation and extends to the point where functionaries who are politically active look for jobs which produce a profit on the side. Every functionary who is asked about such things should bring everything out in the open.

PROFIL: Contrary to your image as a master of consensus you have recently been very severely attacked by Herbert Krejci, the secretary general of the industrial alliance, who said you were "at heart a very hard social changer, perhaps one of the most dangerous social-political personalities of the 1980's."

Sinowatz: Mr. Krejci comes from the journalism profession and therefore favors a drastic mode of expression. But certainly I am in favor of social change. And if I don't talk about it continuously, it is not because I shy away from it but because I am convinced that there should be the greatest possible agreement with regard to change and development of awareness by the man in the street. I don't think much of the noisy radicals who present social change graphically with sterile, verbal agitation but then are not prepared to walk the terribly difficult, painstaking path to realization. I am also somehow against forcing people to accept something they don't want, even if it is objectively correct.

PROFIL: An inevitable question for the socialist politician from Burgenland at this time about the scandal surrounding the former Austrian People's Party member of parliament, Rauchwarter.

Sinowatz: I am deeply shocked and a little sad too that that should happen in Burgenland. In the last decade we have really striven to escape the role of the provincial and remote Land and we have succeeded. I considered what has now happened as a real setback.

PROFIL: Then you are like Landeshauptmann Kery, that is, first a locally patriotic Burgenlander and then a socialist politician.

Sinowatz: I have never kept quiet about being a Burgenlander.

PROFIL: This silence can also be interpreted in such a way that Landes-shauptmann Kery and the Burgenland branch of the Socialist Party of Austria are maintaining the silence of an accomplice.

Sinowatz: In this connection we have a completely clear conscience.

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CSO: 3103/312

POLITICAL

POLL SHOWS MAJORITY FAVOR BELGIAN UNITY

Brussels DE STANDAARD in Dutch 18 Feb 82 p 2

[Article: "The other half of the country is to blame for the difficulties"]

[Text] A 72-percent majority of the Belgian people want to keep the Belgian nation. This almost affectionate affinity is evident in the north, south, and center of the country, but the percentages in Brussels and Wallonia are higher while proponents of separatism or annexationism represent a small part of public opinion.

CVP [Social Christian Party] Senator Bob Gijs said this yesterday in a press conference of the research service of the CVP and the PSC [Social Christian Party - Walloon] (Cepess) which had ordered the polling bureau Dimarso to investigate "The situation and opinions among the Belgian people on Belgium's future, political reform, and the organization of a referendum." A test poll in December 1980 covered 542 persons and the definitive investigation of from 4 to 5 months later covered 1416 persons.

The poll reveals that the people understand next to nothing of political reform, but they feel nevertheless closely involved. The lack of understanding is generally attributed to the chasm between politicians and the general public; it is even worse than in other areas regarding political reform. Most Belgians view political reform as a political game above their level of comprehension and an inevitable evil.

Because Belgium is already so small people in all parts of the country are devoted to it, however the blame for present economic and financial problems is laid on other sections of the country. A great majority of the Flemish people have confidence in their own ability to conquer the crisis, while the Walloons are a lot less confident.

When questioned about the desirability of more independence for north and south, 46 percent of the entire nation favors a return to or a renewed rapproachement of the Flemish and Walloon people. In Flanders 34 percent of the people want a return to better relations and 35 percent want to persevere. In Brussels the percentages are respectively 66 and 19, and in Wallonia they are 59 and 13 percent. In Flanders, Brussels, as well as

Wallonia only a small minority believes that political reform would be beneficial for its area. Most people believe that it really does not matter and that continued political reform is an inevitable evil. In addition they think that reform is detrimental to national prestige.

Of the Flemish people, 32 percent believe that a Flemish state would be more viable than the Belgian state, and 43 percent of the Walloons do not believe in the viability of a Walloon state. To the question whether a harmonious Flemish-Walloon relationship is still possible 30 percent of the Flemish people answer positively and 38 percent negatively, while 55 percent of the Walloons believe it to be possible and 20 percent are pessimistic.

This willingness to live in harmony is shown in a different light by the question who is to blame for the present economic and social problems. Most autonomists think that the crisis is hitting harder in Belgium than elsewhere; 62 percent of the Flemish people blame the Walloons and 79 percent of this group believe that an independent Flanders would weather the crisis better. Seventy-three percent of the Walloons name the Flemish as culprits but 49 percent do not believe that Wallonia could go it alone.

# Brussels

In regard to the Statute of Brussels, 74 percent of all Belgians and 58 percent of the citizens of Brussels prefer the statute of a capital subordinate to the national government. Many believe that French and Butch should be the official languages there (43 percent of all citizens of Brussels, 44 percent of the Walloons, and 63 percent of the Flemish).

Sixty-three percent of the Flemish and 59 percent of the Walloon citizens want Brussels confined to the 19 municipalities, but 89 percent of the citizens of Brussels want to annex Flemish and Walloon municipalities.

A majority of the people of Brussels demand for their city the same organs and powers Flanders and Wallonia have and they do not believe that the 19 municipalities comprise a viable unit.

From the conflicting replies regarding the Brussels Language Statute, expansion of the territory, and increasing authority the polltakers conclude that the people of Brussels will not insist on expansion of their territory if that would block a definitive solution for Brussels.

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The opinion poll shows that most Belgians (54 percent) would definitely or probably participate in referendums, if this system were introduced. The percentage is even higher than participation in parliamentary elections without legal obligation to vote. The polltakers attribute this to the murky political situation at the time of the poll, especially the fall of the fourth Martens government and the formation of the Eyskens government. Martens then proposed a drastic change in the index as part of his emergency plan to save the Belgian franc. That could have been the reason that a majority of Belgians prefer a referendum on indexing to, in sequence of importance, the future of the nation, allowing the installation of nuclear missiles, and the construction of nuclear power plants.

10319

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CSO: 3105/112

BONN SEEN AVOIDING CLASH BETWEEN OSTFOLITIK, LOYALTY TO NATO

Paris DEFENSE NATIONALE in French Feb 82 pp 27-31

\_Article by Jean-Marie Denis: "Orientations of German Foreign Policy: Legitimate Questions?"/

Text/Because of its population, activity, wealth, and geographical position, the Federal Republic of Germany, our neighbor across the Rhine, plays a major role not only in the life of western Europe and the EEC, but also in the security of France. Thus everything bearing on the foreign policy of that country has direct repercussions on our life and our defense. This is particularly the case for ostpolitik, whose foreseeable consequences are studied by Jean-Marie Denis at a time when the Atlantic alliance may appear to be in difficulty.

Today as yesterday, let us remember the debates of the 50's: commentators and responsible political figures question themselves on the policy of the Federal Republic of Germany. Some accuse that country of really following only a selfish national policy, founded on hopes for a progressive confederation of interests between the two Germanies, and which therefore rules out no sacrifice to the absolute necessity of pursuing the prudent and patient weaving of intergerman ties; others, on the contrary, find those fears exaggerated, and justly recall that the Federal Republic, in difficult circumstances, has always been a staunch element of the Atlantic alliance.

It is from that perspective that must be analized the results of M Brezhnev's latest visit to Bonn, characterized by some as a major event, for it reflected a determination by the FRG to maintain equal distance between East and West, particularly through the mechanism of consultation parallel to the Soviet-American negotiations on arms control, which it would establish.

In truth, an evolution is unfolding here which was implicit in the very origins of "ostpolitik." For since the start of the 70's the eastern policy of the FRG, on a par with the older hope for a European political union and defense terminating the discriminatory status applied to Germany, or with the still vaguer hope of a two-pillared Atlantic alliance, has been among the fundamental foreign policy options of our neighbor beyond the Rhine.

And today ostpolitik is becoming a perspective all the more fundamental since the other options are meeting with but little echo or success. M Genscher's project for European union is buried, as it were, under compliments and procedures; the Atlantic alliance is experiencing the gravest difficulties because doubts have arisen, rightly or wrongly, as to the credibility of American protection of Europe, at a time when the arsenals of the two superpowers are neutralizing each other and when the United States must provide protection for the Pacific and the Near Eastern theater. We do not remember well enough how the invention of the concept of flexible "or adapted" response by the Americans during the 60's (see our article of March 1981 in DEFENSE NATIONALE) came to perturb the hopes nourished by Germans in the Strauss era of seeing the eventual creation of a multilateral force within which their right of co-decision would have been better guaranteed than by the ponderous substitute mechanisms subsequently invented, such as the Committee on Nuclear Plans. It was thus logical that Bonn, in the end, should see in the elaboration of intra-Atlantic consultative mechanisms, in the creation of special groups to analyze the particulars and the implementation of the decision to modernize NATO theater weapens, and especially in the initiation of a specific dialogue with the countries of the East--with the GDR and USSR at their head--the means of providing. in the politival arena, for the possibility of discussing the future of nuclear weapons stationed on its soil, and whose manufacture or control is forbidden it by law.

If to that we add the growing Euro-American difficulties over economic and monetary policies, which have recently complicated the pursuit of efforts to equip the Bundeswehr, and which consequently affect the very prospect of a European "pillar" in the matter of armaments; and if we imagine the attractiveness of developing economic relations with the East, not only as a safety valve to maintain industrial activities now in difficulty, but also to optimize sales of products which would find no other buyers other than the insolvent Third World--since the FRG is now nipping at the heels of the third technological generation, though still far behind the United States and Japan who are competing for control of the fourth, particularly in data processing--then we can fully understand the importance of pursuing an Eastern policy.

Mcreover, the events in Poland, the original methods of economic development inderway in Hungary, and the difficulties of the Scviet economy are also present to give hope to those who wish to think that nothing is any longer necessarily immutable in the East.

In such conditions it was becoming inevitable that the foreign policy of the FRG should seek to avoid all situations in which Bonn would have to choose between ostpolitik, the European hope, and Atlantic faithfulness. That is why the FRG's activism in favor of detente is in some measure the product of that determination not to be forced into such a choice. And the will of the FRG to keep "equal distance," which certain people think they detect, owes much more to the modification—or rather to the non-mastery—of events by the other powers than to a deliberate stand by Bonn, whose conduct remains essentially pragmatic.

The more than prudent reactions of the FRG to recent events in Poland follow the same line.

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It is impossible in this regard to overemphasize the share of responsibility borne by the United States, whose changes of international conduct every four years have contributed to German uncertainties. Let it pass that Prof Kissinger -- as he very clearly stresses in his memoirs -- conceived of detente in Europe as a means of adapting to the withdrawal and decadence of his country, and supported the CSCE [Conference for the Security of the European Community] procedures and the negotiations on Berlin as a means of "containing ostpolitik by multilateral mechanisms." It was above all the simplistic ideas of the Carter administration, and its alternating softness and urge to direct, which did most to make things uncertain. One can never overstate how much the backdown by the Democratic president on the question of neutron bomb deployment, at a time when M Schmidt was striving to convince his party of that necessity, may have contributed to the confusion of the "good German pupil" in the Atlantic class, who was seeking to make up for the lapses of the "schoolmaster." It was thus clear that having to face the void, the chancellor who in a 1977 speech noted by the IISS [International Institute for Strategic Studies] was the first to denounce publicly the holding of Europe hostage by deployment of SS 20s would subsequently remain at the center of that affair. The yearlong tergiversations of the Reagan administration have settled nothing, especially not since the newly muscular tone of the United States, though it may have reassured the Germans, also alarmed them by its globalizing and by the prospect of tensions in Europe which would prevent the continued unfolding of ostpolitik. The Soviet Union has of course understood the advantage it could derive -- notwithstanding its continued occupation of Afghanistan -- from this situation, by allowing the idea to spread that the FRG could contribute to a "separate detente" in Europe, and could obtain recognition of its role as a full-fledged interlocutor on questions of disarmament. Despite the fact that pragmatism still looms large on the part of the three actors -- the FRG, USSR, and United States -- there is still in all this a development of greater historic bearing than appears at first glance.

enceforth many varieties of "drift" are of course possible, but it is not certhey will occur, for each player knows the rules of the game now in pro-. In this affair of multiplied contacts and consultations with the FRG, ... USSR is assiduously pursuing the goal it has had constantly in view since ... or the war: by holding out bright prospects of a confederation of human and a commic interests between the two Germanies, to obtain from the FRG a conmore open to certain prospects for disarmament, to include not only a zone income conventional weapons, which all Germans have long wished for to lighten ...et military presence in the GDR (thanks to Mutual Balanced Force Reducthe European Defense Community), but also a nuclear-free zone, which would in effect optimize the geostrategic position of the USSR. Let us recall Lso that in 1954, and then at the Geneva summit of 1955, Khrushchev and Bul-... n, and then the Rapacki plan, proposed reunification in exchange for neu-Lization of the FRG. Let us recall that at the turn of the 70's M E. Bahr, "planner" of German policy, envisaged among possible options that of a cen-::: pean security system leading to a reduction of armaments deployed ...., with the inderstanding that the two superpowers would--"from the out-1:0," at it were--guarantee its permanence. Today, the evolution of technial characteristics in the panoplies of the two superpowers does not render in the abstrd, since the growing sophistication of strategic weapons makes describe to conceive, even for the United States, of a system of flexible

response starting with central (seaborne) systems. And since, combined with this, there is a deep-seated and historic neo-isolationism in American public opinion, which does not understand Europeans well, the chances of seeing that old plan become a reality are not necessarily slight.

That is why it appears to the observer that reflection on this subject should lead our responsible political figures to take initiatives which would contribute to develop the future basis of a truly reassuring security system for our continent, rather than one founded on unilateral renunciation of defense efforts.

6145

CSO: 3100/388

#### BRIEFS

GENSCHER WARNING TO SPD--Hanover (AP) -- In the view of FDP Chairman Genscher, the move toward reducing the amount of public indebtedness assumed, economizing on laws concerning social benefits and encouraging investment must continue. In a HANNOVERSCHE ALLGEMEINE ZEITUNG interview, Genscher said, "Anybody who gets in the way of that move will get run over." Genscher again called upon the SPD not to involve the FDP in its internal differences. At the same time, he stated emphatically that there are no serious disagreements between himself and Chancellor Schmidt. He said that the CDU/CSU should measure up to its great responsibilities and abandon its rejection of a VAT increase. Genscher warned against efforts by members of the ruling coalition "to test the German economy's ability to bear financial and psychological burdens at a time when the economy needs confidence." The FDP stands by the coalition program to improve the prevailing economic conditions. "That has to be converted into something tangible now," he said. Genscher did not exclude the possibility that there might be a further reduction of the coming budget. "The social benefits have to be adjusted to fit the overall capabilities of society," he said. However, the principal decision to be made this year for the purpose of making the FRG economy capable of competing with those of other nations, he stated emphatically, will be the one that is made in regard to rates of pay. "The more restrained the decisions reached on wage rates, the more favorable the prospects for overcoming unemployment will be," he said. [Text] [West Berlin DER TAGESSPIEGEL in German 20 Feb 82 p 1] 9258

CSO: 3103/310

POLITICAL

NEW GOVERNMENT COMMITTEES FORMED; SAARTO HEADS SKDL GROUP

Helsinki HELSINGIN SANOMAT in Finnish 24 Feb 82 p 9

[Article: "Government Appointed Committees"]

[Excerpt] Kalevi Sorsa's third government, which was formed on Friday, held its first session on Tuesday. The government's statutory committees were appointed and the distribution of work among the ministers was defined at this session.

The government's politically most important committee, the ministerial level economic policy committee, includes Prime Minister Sorsa (Social Democrat), Finance Minister Ahti Pekkala (Center Party), Foreign Trade Minister Esko Rekola, Foreign Minister Par Stenback (Swedish Peoples Party), Labor Minister Jouko Kajanoja (Communist), Second Finance Minster Mauno Forsman (Social Democrat), Trade and Industry Minister Esko Ollila (Center Party) as well as both interior ministers Matti Ahde (Social Democrat) and Mikko Jokela (Center Party). Education Minister Kalevi Kivisto (People's Democrat) has the right to be present and to speak in the committee.

Ever since Sorsa's previous government the ministerial level economic policy committee has become a kind of work committee for the government, which deals with all the most important economic policy issues. Sorsa's government made this committee into a statutory committee in 1977.

The government's foreign affairs committee includes Prime Minister Sorsa as well as ministers Rekola, Stenback, Pekkala, Kivisto, Ollila, and Social Affairs and Health Minister Jacob Soderman (Social Democrat), who will become the minister of Cordic cooperation. According to the law the committee's task is quite loosely detrace: "Issues which belong to the sphere of the Foreign Ministry are to be given preliminary treatment in the foreign affairs committee inasmuch as their importance necessitates this."

The foreign affairs committee will meet sporadically and its meetings are secret. In recent years the significance of this committee has been downgraded, but now the president has expressed hopes and the prime minister has promised that the work of the foreign affairs committee will be made more effective.

in addition to the prime minister, Pekkala, Kivisto, Forsman, and Justice Minister Christoffer Taxell (Swedish Peoples Party) were appointed as members of the monetary affairs committee. Agriculture Minister Taisto Tahkamaa (Center Party) received the right to be present and to speak in this committee.

The monetary affairs committee assembles every week except for summer break. The committee will deal with all the most important issues concerning the use of money by the state.

The government may also have other committees, but they have not yet been established. In recent years there has always been a ministerial level area policy committee in the government and there was also an unofficial social affairs policy ministerial group in the last government.

# Distribution of Work Among Ministers

Also at this session of the government a determination was made with respect to the division of issues belonging to each minister in ministries with two ministers. The distribution of work generally follows the distribution established in the previous government. The distribution of work in the Social Affairs and Health Ministry will be defined more precisely later on.

Foreign Trade Minister Rekola will continue to direct the trade policy section of the Foreign Ministry as well as the trade section of the Ministry of Trade and Industry. The Patent and Registry Administration was now transferred from Rekola to the new Minister of Trade and Industry, Esko Ollila, but Rekola retained direction over the Commerce Administration and consumer affairs.

The sections and duties of the Interior Ministry changed considerably.

Second Interior Minister Mikko Jokela will inherit provincial and local government affairs from Johannes Koikkalainen and the police section and border guard establishment from Eino Uusitalo. Jokela will also be responsible for the planning and construction section. The other sections of the Interior Ministry will belong to First Interior Minister Matti Ahde, who in addition to housing affairs will be particularly responsible for environmental protection. Therefore, Ahde will deal with the prevention of oil spills, which was under the Ministry of Trade and Industry, and the Radiation Safety Institute formerly under the Social Affairs and Health Ministry. The planning and negotiating committees of the Council of State will fall under Jokela's jurisdiction. In the previous government they were under the jurisdiction of Eino Uusitalo.

### Kivisto Will Retain Sports

The distribution of work in the Finance Ministry will remain as before, but Education Ministry responsibilities have been defined in such a way that Culture and Science Minister Kaarina Suonio (Social Democrat) will now be responsible for the higher education and science section in its entirety as well as the arts section and international affairs section. Kivisto, who became First Education Minister, will keep the sports and youth section for himself and he will also be responsible for the education section in its entirety.

Communications Minister Jarmo Wahlstrom (Communist) will be responsible for the fishery and forestry affairs section of the Agriculture Ministry just as his predecessor, Veikko Saarto (Communist), was.

The distribution of work between social affairs and health ministers Jacob Soderman and Marjatta Vaananen (Center Party) will at least for the time being follow the distribution of work between their predecessors, Sinikka Luja-Penttila (Social Democrat) and Katri-Helena Eskelinen. As far as the Social Affairs and Health Ministry is concerned, there is a rather strict determination as to which minister distributes aid to which organizations and which minister is responsible for old-age pensions and which is responsible for retirement benefits.

#### Two Sworn Statements

The government's organizational measures will continue on Friday when the president will appoint deputies for each minister.

At Tuesday's session the government's new ministers took their ministerial oath and gave sworn statements. Matti Ahde and Defense Minister Juhani Saukkonen took and oath of office, but Suonio and Wahlstrom, who do not belong to the Church, gave corresponding sworn statements. As assistant judges Esko Ollila and Mikko Jokela have taken an oath previously just as members of the government who were ministers before.

#### Aides for Sorsa

In addition to the traditional prime minister's secretary, the prime minister will now have two other aides. Sorsa has chosen as his parliamentary secretary Reijo Ollikainen, legislative secretary of the SDP parlimentary faction, and Prime Minister Mauno Koivisto's Parliamentary Secretary Pentti Vaananen will now become Sorsa's aide, most likely to assist primarily in the preparation of international affairs. Vaananen is the secretary of international affairs for the SDP. Eero Tuomainen will be Sorsa's secretary.

In addition to a secretary and a parliamentary secretary, the prime minister could choose two more aides, but Sorsa has chosen only one. Koivisto had only the secretary and parliamentary secretary. The funds for two additional aides were provided for in the state budget during Sorsa's previous government.

### Veikko Saarto Heads Parliamentary Faction

The SKDL [Finnish People Democratic League] parliamentary faction selected Veikko Starto (Communist) as its chairman on Tuesday. Saarto's nearly 5 years as minister of communications ended last week when the new government was formed.

Saarto replaced Jarmo Wahlstrom (Communist) as faction leader. Wahlstrom, for his part, became communications minister.

Saarto has been faction leader twice before, the first time in 1970 and then again in 1975--1977. He has been an MP since 1966.

Saarto was communications minister three times. He held this job in Ahti Karjalainen's second government in 1970--1971, Kalevi Sorsa's second government in 1977--1979, and Mauno Koivisto's second government in 1979--1982.

The SKDL parliamentary faction's selection was unanimous. The faction also considered Helvi Niskanen and Mikko Ekorre.

However, Saarto was the easiest solution for the final term of parliament in this election period.

Helvi Niskanen is the faction's vice chairman. Second vice chairman is Lauha Mannisto (People's Democrat).

The Center Party had time to make its own changes on Tuesday already. Paavo Vayrynen will replace Interior Minister Mikko Jokela on the Board of Directors of the Bank of Finland and Kauko Juhantalo will become a member of the parliament's citizens committee.

Among the ministers in Koivisto's government Lasse Aikas received a position in the constitutional committee, Vayrynen and Eino Uusitalo were appointed to the foreign affairs committee, and Katri-Helena Eskelinen to the education committee.

10576

CSO: 3107/78

POLITICAL

#### SDP GROUP IN PARLIAMENT ELECTS HELMINEN AS LEADER

Helsinki HELSINGIN SANOMAT in Finnish 26 Feb 82 p 9

[Article: "Olli Helminen Elected Leader of Parliamentary Faction"]

[Text] Olli Helminen will head the SDP parliamentary faction in the final term of parliament in this election period. The SDP faction voted Helminen into the chairmanship on Thursday by a vote of 35—12. His opposing candidate was Lasse Lehtinen.

The excitement before the meeting of the faction among the representatives of the SDP's rank and file was a little like that experienced in the just concluded relay races in Oslo: the victor won narrowly. Not even all the candidates were certain who had won.

In the opinion of those supporting Lehtinen, who had lost, the result of the vote did, however, show that the party machinery had resolved the issue. In a secret vote by ballot Lehtinen was supported by a group of dissatisfied members primarily from the older wing.

Lehtinen's supporters included, among others, SDP Vice Chairman Pirkko Tyolajarvi as well as MP Tellervo Koivisto from Tampere.

Olli Helminen, who will be 49 today, will replace Interior Minister Matti Ahde as leader of the faction. Helminen, who is from Anjalankoski, is a pipe fitter by profession. Ahde is an electrician.

Helinen became a member of parliament in 1975. In the parliament he has served as chairman of the economics committee and as a member of the SDP faction's executive committee. Helminen has held positions of trust in the Anajalankoski City Council as well as on the boards of directors of OTK [expansion unknown] and Valcon.

Lasse Lehtinen, 35, who lost to Helminen, became a member a liament in 1972.

He earned a Ph D candidacy in Sweden and has 6-7 years work apprience as an editor.

Tyolajarvi to Foreign Affairs Committee

in the elections of the faction's chairmanship Olli Helminen was nominated by Kaj Inrlund, Lasse Lehtinen by Jorma Rantala, and Matti Luttinen by Helge Siren. Luttinen declined. In the elections Eino Loikkanen received one vote and there was the unmarked ballot.



Olli Helminen

Kaisa Raatikainen was unanimously elected as first vice chairman of the faction. Raatikainen became a member of parliament in 1970 and is vice chairman of the legal and economic committee. She replaced Second Education Minister Kaarina Suonio. The second vice chairman of the SDP faction is Reino Breilin.

Hannu Tapiola, who nominated Raatikainen, was elected to the executive committee of the faction. In accordance with the faction's executive committee Pirkko Tyolajarvi received unanimous support for membership in the parliamentary foreign affairs committee and thus replaced Prime Minister Kalevi Sorsa as chairman. SDP Party Secretary Erkki Liikanen had previously resigned to make room for SDP Vice Chairman Tyolajarvi.

The foreign affairs committee will also receive Lasse Lehtinen as a new member and Markus Aaltonen and Tarja Halonen as deputy members.

Eino Loikkanen became a member of the parliamentary group supervising the government bank after being proposed by Party Secretary Erkki Liikanen. It was expected that Ulf Sundqvist would assume this position, but General Manager Sundqvist of the Workers Savings Bank will take Loikkanen's place as chairman of the banking committee.

Other SDP choices were: Sinikka Luja-Penttila as a member of the constitutional committee and Seija Karkinen as a deputy member, Mikko Elo as a new chairman of the legal committee and Paula Eenila as a member, and Kaj Barlund as a new deputy member of the Finnish delegation to the Nordic Council.

Changes in SKDL Faction

The SKDL parliamentary faction elected the faction's vice chairman, Helvi Niskanen (Communist), as a member of the Board of Directors of the State Radio. Niskanen will replace Communications Minister Jarmo Wahlstrom.

The SKDL elected Kati Peltola (Communist) to the defense committee. Peltola also became a deputy member of the Nordic Council. Veikko Saarto (Communist) was elected a deputy member of the second law committee.

The parliamentary factions had to make new choices since the Sorsa government was formed after the selections were made in the beginning of this parliamentary session. According to the constitution ministers cannot be members of committees.

The selection of committee members is officially accomplished by the parliament's electoral candidates. In practice the parliamentary factions decide on the positions and announce their selection to the electoral candidates. The final appointments take place at a full session of parliament, at which a statement of the electoral candidates is read to the parliament.

10576

CSU: 3107/78

POLITICAL

NEW PRO-SOVIET DISSIDENT MONTHLY 'INTERSTAMPA'

Rome LA REPUBBLICA in Italian 15 Feb 82 p 2

[Article by Alberto Stabile, "The Men of Moscow Speak: 'The PCI is Betraying the Base'"]

[Text] The dissident group gathered around Ambrogio Donini, ex-ambassador to Warsaw, excludes any connection with Cossutta and prepares for an inevitable clash with Botteghe Oscure.

Rome--Standing on a map of the world, a scoffing Lenin wields a broom as he sweeps away monarchs, bankers, capitalists in bowler hats, and crowned heads. This is the cover of the first issue of INTERSTAMPA, the new monthly published by pro-Soviet Italian communists to voice their dissatisfaction over the PCI's rupture with Moscow and Berlinguer's new policies. Founded 10 months ago as a press agency, INTERSTAMPA, published by Roberto Napoleone, has been aiming its barbs at Botteghe Oscure. The PCI is worried for fear that the magazine might become the nucleus of an organized, deviant minority. Moreover, there is some suspicion, fed by Massimo Loche, chief editor of RINASCITA, that the venture is being subsidized by Moscow. Who are these men involved with the publication, what are they aiming for, what means do they have at their disposal? And what are their relations with Armando Cossuta, who is leading the pro-Soviet dissension in Italy?

The INTERSTAMPA editorial offices are located on the ground floor of a small art nouveau edifice in Prati. We are there to meet with the directors of the journal for the presentation of their undertaking, complete with toasts and crackers.

After a few minutes' wait, the glass door of the antechamber open, to reveal a dozen or so distinguished gentlemen of a certain age crowded around a big work table.

Ex-ambassador to Warsaw Ambrogio Donini, who has spent his life in the PCI, dominates the scene. Almost all the photographers' flashes, the reporters' questions, and the curiosity of the guests are directed at him.

Also on hand are Otello Nannuzzi, partisan commander of the V military zone, secretary of the Roman federation in "the years astride the unforgettable

1956, "university professors Ettore Biocca (Rome) and Aldo Bernardini (chancellor of Chieti), the unionist Giacomo Adducci, magistrate Camillo Marino, engineer Armando Giampiere (of FARME), ex-deputy Adelio Albarello, and Senator Pasti, general and ex-commander of NATO. Other notables were unable to attend, among them Paolo Robotti, the worker who never repudiated Stalin, not even after suffering Stalinian imprisonment and torture; Giulio Cerreti, who sent a telegram protesting Loche's insinuating remark that "the backing of INTERSTAMPA reeks of a very distinct odor;" and the philosopher Ludovico Geymonat, who telephoned.

The atmosphere is somewhat old hat but infused with euphoria, as if those present were about to embark on some thrilling adventure. A late arrival is Paolo Cinanni, lecturer at Urbino, equipped with a party card dated 1936, who sets about to distribute his publication L'ANTIFASCISTA, monthly organ of the National Association of the Politically Persecuted.

With an open face and affable manner, Cinanni tells his story of the PCI, the years he spent as (PCI) director in Calabria and Piedmont, and the uninterrupted tenure of the Central Committee from 1947 to 1965. "I am in the party," he explains, "to see that it keeps faith with its principles. Tactics can change but the principles must be maintained."

Donini speaks more decisively of "a line that proves day by day to be unsustainable." Expounding his clear views in a firm voice, he has a ready reply for everyone.

Are you associated with Armando Cossutta? "Absolutely not, (but) there is a bond of active solidarity with Cossutta's position that has mass dimensions within the party."

There are accusations of fractionalism, of pulling the "Manifesto" in, obviously, another direction. "The dissent we express is supported by the majority of the party's base. We intend to consolidate the party's unity on the PCI's traditional position, which recent decisions have called into question in a most unexpected way."

Who finances you? Is it true that the USSR is subsidizing your project? "That is the same kind of calumny I have heard repeated time and again in my life. In Stalin's day, the Soviet dissidents were accused of taking money from Hitler. Our efforts aim for solidarity, house to house, friend to friend."

But you do not deny your pro-Soviet bias? "Pro-Soviet means friend of the USSR. It is not a definition but a political choice. As for the label--the day it is said that the PCI has a pro-American faction, we will accept your definition of pro-Soviet."

Garbed in shirt and jeans, with a toupee of gray curls on his head, publisher Roberto Napoleone explains his editorial program in fiery words. "We want to sing the 'International'" again and (wave) the red flag. We have received hundreds, thousands of letters from young comrades, indeed many young comrades,

who think as we do, who want to join us and help to get our magazine around." He cites a few figures: over 3 million subscriptions already taken out, but the first issue of INTERSTAMPA has been printed in 20,000 copies, which he foresees all be sold out. On the question of financing, he quips, "Don't you see us loaded down with rubles?" Then he adds, "I'm not taking any action against Loche because I'm a communist."

Without anyone openly admitting it, many of those in the INTERSTAMPA orbit believe that an oncoming clash with Botteghe Oscure is unavoidable. Is this a calculated risk? Nannuzzi answers, "I don't know what will happen. Certainly, the party cannot prevent us from putting out INTERSTAMPA, otherwise no communist could ever again write for a publication not sanctioned by the PCI."

Fractionalism, a recantation of the party line? "I don't think so," he replies. "But we have the impression that the center is liquidating the very motives that caused the split in 1917, the motives that inspired the new party and set it on the revolutionary road to socialism as Togliatti conceived it."

He goes on: "Democratic centralism is fine if you interpret it in its original significance. A binding choice imposes an awareness of this or that position on everyone."

In tabloid format printed in Spartan typography, INTERSTAMPA is presented to the reader as something of a documentary magazine. To underscore its sympathy with communist parties abroad, here is the French Party's international document and an attack on the PCI which appeared in the East German communist journal NEUES DEUTSCHLAND.

Protests against the Botteghe Oscure policies come through here and there. In an essay on "partisans of peace." Donini tells us that only the Americans are imperialists. Pasti points out that the atomic imbalance is all to the advantages f the United States. An unsigned editorial harshly attacks Sechi and Strada for the position they have taken in the PCI-PCUS controversy, charges them with social-democratic deviationism, and asks the control commission to disclaim them.

But the strongest article, the scoop, is a letter of appeal signed by 49 unionists, who refute the outcry against Jaruzelski's crackdown uttered by -1 . CISL, and UIL, and exhorts all Polish workers to bar the way to capitalism.

9653

CSO: 3104/131

PORTUGAL

## CC RESOLUTION, PCP ON CONSTITUTIONAL REVISION

Lisbon O MILITANTE in Portuguese Feb 82 pp 31-32

Text I

The Central Committee of the PCP has studied the development in the work of revising the constitution in progress in the Assembly of the Republic commission and it has noted the serious changes which are being drafted on the basis of the agreements reached by the AD [Democratic Alliance] and the PS and Mario Soares.

the Republic, these amendments would constitute a flagrant violation of the constitutional limitations on revision and would constitute an imminent threat to the Portuguese democracy.

in fact, on the basis of the AD-PS-Mario Soares agreements, it is already possible to note the following aspects as the most serious:

The elimination of the Council of the Revolution, without providing otherwise for its important duties in safeguarding democracy;

is destruction of the balance of power among the main sovereign organs, through the drastic reduction of the authority of the president of the applic;

:: strengthening of the executive and legislative authority of the cabinet :: the limitation of the constitutional provisions for its dismissal;

ent to the cabinet of the appointment of military commanders (today e prerogative of the president of the republic), as well as military conin administration and promotion and basic aspects of military legislation;

relaxation of checks on the constitutionality of laws which would result the the elimination of the Council of the Revolution and its replacement by a constitutional court, the composition and operational rules of which would provide even minimal guarantees of the defense of the democratic system;

The compromises to which the PS has agreed pertaining to the economic organization of the state, specifically with regard to the weakening of nationalization and plan guarantees, the granting of benefits and privileges to heavy capital, and the advance endorsement of commitments resulting from catastrophic membership in the European Economic Community.

The changes which would be introduced in the balance of power between the president of the republic and the cabinet would lead to a change in the political power system and a real breakdown in the balance among the sovereign organs which have been designated semipresidentialist.

The most important changes are concentrated in the area of the organization of political authority.

The general trend in these amendments is to transfer important pol: "cal-military authority taken from the president of the republic and a large part of the present authority of the Council of the Revolution to the organs of political authority controlled by the AD, and in particular by the cabinet.

Stressing that the discussions on the changes to be introduced in the constitutional text must necessarily be approved by a qualified majority in a plenary session of the Assembly of the Republic, and consistent with respect for the material limitations on amendment, the CC of the PCP stresses that the AD-PS-Mario Soares agreements evidenced in the commission would represent, if endorsed, a surrender to the enemies of democracy of substantial means for destroying it.

#### II

The Central Committee of the PCP stresses that the admonitions and warnings of the PCP were fully confirmed as soon as the FRS [Leftist Union For Socialist Democracy] proposal was made known and was compared with the AD proposal.

Thus the disruption of the balance of power among the main sovereign organs, the governmentalization and political party use of the state, the weakening of checks on the constitutionality of laws and the complete subordination of the armed forces to the cabinet would, if they became effective, represent real subversion of the democratic constitutional regime.

The transfer of the military authority of the president of the republic to the cabinet takes on an especially serious aspect within this picture. Contrary to what the AD and the PS leadership would have us believe, it is not a question of improving the democratic system nor of making the armed forces subordinate to civilian authority, but rather a real coup d'etat.

With the power to appoint the chiefs of staff and the commanders of the military regions and units, with the authority to organize, regulate and administer the armed forces, the AD would reestablish a fascist or profascist hierarchy and would transform the armed forces into a tool of counterrevolution. Liquidation of the democratic regime and establishment of a new dictatorship.

It is committee of the PCP sharply warns the democratic public about the coup d'etat which is thus being prepared, and emphasizes that the basic elements in this coup d'etat are the governmentalization of the armed forces to the AD and their useful party purposes and as a tool.

### 1 1

consistent with the orientation defined at the meetings of the Central Committee of the PCP on 25 and 26 May and 26 September 1981, concerning the dangers posed for democracy by the AD and FRS proposals and the similarities between them, the entire party plunged into an intensive campaign of information, education and mobilization against these dangers.

Thanks to this action, as well as the positions adopted by democratic leaders in various political and ideological sectors, a powerful popular movement opposed to the unconstitutional revision of the constitution undertaken behind the backs of the people is developing.

intrary to what the AD and the PS leadership claimed, the amendment of the institution was launched in the secrecy of the Assembly of the Republic triidors and became the central issue in all of the discussion and political struggle in defense of democracy.

the discussion broadened, the awareness of the dangers threatening the irratic regime became more acute and widespread. The "Appeal to the irratic regime became more acute and widespread. The "Appeal to the irratic regime became more acute and widespread. The "Appeal to the irratic son the Constitutional Revision" signed by leading personalities in signatures, which has already been supported by more than signatures, reflects this attitude. The similar positions adopted by more of the Council of the Revolution and the socialist party deputies and the large of the spokesmen for the presidency of the republic have increased, and the declaration by the presidency of the republic has confirmed the serious implications a reduction in outhority of the organ to which he was elected would have.

movement is a basic element in the political battle which is being concerning the revision of the constitution. In the realization that truggle for immediate interests cannot be separated from the struggle me general interests, the broad campaigns currently being waged by the class and all the workers, taking as their point of departure the protest against the AD government's policy of impoverishment and non, now openly urge the need for the resignation of the cabinet and the revision of the constitution which constitute a coup.

rerful popular movements confirm the just nature and give and reit rength to the demands set forth by the PCP that the Balsemao
resign and that the Assembly of the Republic be dissolved as the
refective way not only to cut short the reactionaries' plans to effect
resign and that the revision of the constitution, but also to slow the
reward economic and financial disaster toward which the country is
rigged by the AD.

and their allies, the coup planned against the constitution and the democratic state is coming up against growing opposition. The struggles of workers, the actions of the democrats and the intervention of our institutions show that it is possible to defeat the subversive plans of the reactionaries.

IV

The Central Committee stresses that, consistent with its position in adamant defense of the constitution and democratic legality, the PCP defined a position in favor of the constitutional revision of the constitution at its ninth congress, held in 1979, and, consistent with this orientation, it set forth its own plan for revision. Thus, while the PCP developed an intensive campaign of education and mobilization against the threats resulting from the amendments now proposed in the course of its general political activity, its deputies are simultaneously participating actively in the revision work, defending their proposal, making positive contributions to other proposals, opposing the proposals of the AD and the FRS as threatening to Portuguese democracy, and vigorously opposing the AD-PS agreements which, if they were implemented, would constitute the complete subversion of the constitution of the republic.

Practice in the work of constitutional amendment confirms the just nature of the direction pursued and points to the need for continuing along it, unless new facts which mitigate against it enter the picture.

The participation of the PCP deputies in the parliamentary commission for constitutional revision does not however constitute any endorsement of the type of revision underway. On the contrary, the PCP deputies are guided in all situations by the concern to prevent the revision of the constitution representing a coup, opposing the maneuvers and the goals of the AD, and combatting and denouncing the agreements of the AD with the PS and Mario Soares.

A popular and democratic campaign against the subversion of the constitution and the coup d'etat related thereto have already achieved some success. The secret agreements have been revealed, the workers movement is underway, democratic opinion is more alert, and the main points in the constitutional revision are becoming key issues among the concerns of the citizens of Portugal.

But it should be stressed that at this precise moment, Mario Soares and the PS leadership, in view of the disapproval expressed by broad democratic sectors and the opposition existing within the party because of the concessions made to the AD, especially where the reduction of the authority of the president of the republic is concerned, are actively maneuvering in an effort to make it appear that they can reverse the concessions already made to the AD, when in fact they are speedily proceeding with their plans to surrender to and collaborate with the goals of the reactionary forces.

Resocrats should be fully aware that with the present predominance of the AD in the Assembly of the Republic and the compromise positions of the leadership circles in the PS supporting Mario Soares, it cannot be expected that the present Assembly of the Republic can prevent the undemocratic resision of the constitution which in fact represents a coup.

Almen this picture, the most effective and certain way of preventing an undemocratic revision of the constitution which represents a coup d'etat against the regime involves, as the PCP has insistently proclaimed, the resignation of the cabinet, the dissolution of the Assembly of the Republic, the appointment of a transition government and the holding of legislative elections, to be held with respect for democratic freedoms and rules, such as to return a democratic majority to the Assembly of the Republic, to provide a basis for a democratic government and a democratic policy, and to permit a revision of the constitution consistent with the legal structure and apparanteeing the strengthening of Portuguese democracy.

The Central Committee of the PCP urges the pursuit and broadening of the battle for enlightenment and mobilization where constitutional amendment is concerned, and it exorts the workers and all democrats to launch great new timpaigns to block the advance of the coup against the constitution, to defend the democratic regime and to achieve the full realization of the liberating ideals of 25 April.

1 February 1982

Central Committee of the Portuguese Communist Party

3101/26

'OLITICAL PORTUGAL

# PCP CENTRAL COMMITTEE REVIEWS MAJOR ISSUES

Lisbon O MILITANTE in Portuguese Feb 82 pp 25-30

CC, PCP document approved at its plenary session on 31 January and 1 February 1982: "The PCP With the People in Defense of Democracy"]

Text ] On 31 January and 1 February, a plenary session of the Central Committee of the Portuguese Communist Party was held.

The Central Committee studied the economic, social and political situations, the national catastrophe to which the AD [Democratic Alliance] government is leading the country, and the coup d'etat which the AD, collaborating with the PS and Mario Soares, is preparing for through the amendment of the constitution.

Concluding that the balance of forces is favorable to democracy, the Central Committee stresses the need, the urgency and the possibility of implementing the measures proposed by the PCP.

The Central Committee made an assessment of the impetuous and grandiose development of the class struggle of the workers and the popular masses, placing particular emphasis on the strikes and demonstrations and the general strike scheduled for 12 February.

The Central Committee also examined the problems pertaining to unity among the democrats and patriots and the strengthening of the party as the decisive political force in the defense of the interests of the people and the country, democracy and national independence.

1. Basic Aspects of the Political Situation

Analyzing the current political phase, the Central Committee concluded that, although the situation is extraordinarily complex, the basic factors therein are entirely clear.

National life at the present time is dominated by six basic aspects:

1. The disastrous national policy of the AD government, the most outstanding characteristics of which are the catastrophic economics situation, the

democratic gains of the April revolution, the increasing foreign inthe democratic gains of the April revolution, the increasing foreign inthe democratic gains of the April revolution, the increasing foreign in-

- The process, now in progress, of amending the constitution, working in the direction (by agreement among the AD, the PS and Mario Soares) of dianges pertaining to the authority of the sovereign bodies, specifically the military authorities, which if implemented would constitute a real coup
- inderestimation of the dangers, tolerance and relative passivity about the levelopment of the situation on the part of vast and important democratic vectors (in parties, in the state and in sovereign bodies).
- .. The real balance of forces favoring democracy—on the level of public public, the social struggle, political mobilization and the armed forces—in contrast to the coup d'etat being sought by the government and the removing majority in the Assembly of the Republic (with the collaboration of the PS and Mario Soares).
- i. Popular discontent with the AD policy, which is spreading, and a very potential mass movement in which the workers class plays the determining role, in defense of the vital interests of the Portuguese people and the important regime.
- the prestige and influence of the PCP, which has been proven to be the possistent defender on the national political scene of the people's interests, the April conquests, democracy, peace and national independence, will as the great sponsor of the popular struggle and democratic unity, the which reason it is the target of the most violent anticommunist campaign over pursued in Portugal.

These six basic aspects characterize the current situation, make it possible inderstand the various prospects for its development, and point to the issurful and urgently needed solutions and the possibility of implementing item.

- . Leverioration of Living Conditions and Destruction of Democratic Gain
- livy of capitalist recovery launched by the PS government alone in developed within a plan for the restoration of the power of the mapping and estate owners with the AD government has meant, because of its the state of the great democratic gains: the improvement in conditions for work and life the total control, the national and agrarian reform, local authority, rights and freedoms.

The abustant and systematic deterioration in the conditions of work and life for the workers class and the workers in general as a means of increasing profits and relaunching the process of capitalist accumulation and centralization constitutes a basic aspect of the policy of the AD government.

The limitation on wages through the freeze imposed on collective bargaining and wage ceilings, the drastic and continuing increase in the prices of practically all standard consumer items, as well as water, light, fuels and transportation, a rate of inflation of about 25 percent, exorbitant charges for health services, the aggravation of the housing crisis, the general deterioration in the educational system, installment contracts, unemployment and dismissals, the increasing discrimination against women and young people, pensions and poverty reform, the elimination of numerous social benefits, the cuts in local financing making it impossible for the self-governing bodies to continue their projects for improving the conditions of life for the people are creating a situation for the Portuguese workers, for all the laboring strata, and for the most neglected sectors of the population which is completely intolerable.

With the AD government, the campaign against the major conquests of the revolution is intensifying and taking on openly subversive characteristics.

The government and its agents in the enterprises are seeking by every means to destroy or prevent management control by the workers, with the illegal prevention by the government of access to their functions as elected managers for 500,000 workers in the public and nationalized sector being particularly scandalous.

Where the nationalizations are concerned, not only has the AD attempted repritedly to obtain approval for new "laws delimiting the sectors" making iccess to the nationalized sectors and enterprises possible for heavy capital, but it is already, in violation of the constitution and the legal structure, allowing the establishment of investment companies with structures very like those of the bank, authorizing the establishment of branches of foreign banks, selling state bonds, vessels and hotels to the private capital sector at bargain prices, turning profitable nationalized enterprise secwere over to private capital, forcing the regional division of enterprises, pursuing a discriminatory price and credit policy making it possible to transfer the plus value produced in the nationalized sector to the private sector, accumulating sizeable state debts to enterprises in the nationalized sector, and intentionally and criminally provoking ruinous management of nationalized enterprises, appointing agents of the old monopolies or mercenaries in the service of the counterrevolutionary plan of the AD to administer them.

Where agrarian reform is concerned, the AD is continuing the forms of attack previously utilized by earlier governments (illegal reserves, plunder of livestock, machinery and installations, gag laws, financial strangulation of the UCP/Cooperatives, etc.) and launching new and criminal campaign practices, such as the so-called public competition for the arbitrary distribution of the UCP lands, and an absurd "investigation" into the UCP/Cooperatives, the sole purpose of which is to fabricate pretexts so as to be able

legal and criminal actions of the government are obviously revealed in the legal and criminal actions of the government are obviously revealed in the stons of the government in which it refused to implement more than 60 spreme Administrative Court judgments suspending execution of MAP [Ministry of Agriculture and Fisheries] rulings, thus keeping lands in agrarian hands which were turned over to them illegally.

The workers' production and servicie cooperatives for housing, consumption, fishing, culture, education and other purposes have seen their unmet technical, economic and financial needs increase, such that they are prevented from making a greater contribution to the resolution of the burning social problems facing our people.

The government is also seeking the speedy elimination of the benefits broad population sectors were obtaining from the democratic revolution. The small and average farmers (owners, tenants and sharecroppers) are being dragged toward ruin as a result of the intolerable increases in production cost factors (fertilizers, animal feeds, gasoline, seeds, pesticides), unprofitable farm product prices, credit limitations, failure to pay subsidies, the placement of marketing in the hands of speculators, and the mendment of its and leases and unused land.

ill the intimonopolistic classes and strata are suffering harshly from the consequences of the policy of reestablishing the power of the monopolies (linked with imperialism) and the estate owners.

The intellectuals and technical cadres, whose conditions of life are deteriorating, in some cases drastically, are seeing the conditions under which they engage in their professions worsen, while they are relegated to the role of implementers of an antinational and antipopular policy which prevents them from making full creative use of their knowledge and education in the service of the people and the country.

The small and average tradesmen and plant owners are seeing their future increasingly threatened by the constant shrinking of consumption and the domestic market caused by the decline in the purchasing power of the people, the attremely high interest rates, the credit selectivity giving priority to former monopolists, major capitalists and speculators, the annual rent increase for their establishments, and the intensification of the fiscal burden.

the status of the Portuguese economy is deteriorating rapidly. Industrial production is characterized by stagnation or recession. Unutilized capacity was to more than 20 percent. Sabotage of the nationalized enterprises is limiting their expansion and efficiency. Projects of national interest such as the Metallurgical Plan and the Alqueva Plan are being boycotted. Farm protion is showing a sharp drop which cannot be attributed solely to unfavorable seather conditions. In the agrarian reform sector, while 20,000 workers have been added to the total number unemployed, land turned over to the estate where has been abandoned, harvests are being lost and livestock

herds are declining. In the fishing sector, the policy of the government is seriously aggravating the existing crisis, with preparations for thousands of dismissals, the transfer of national resources to foreign fleets and the dismantling of the nationalized sector.

Thanks to the AD policy, the Portuguese economy is moving rapidly toward disaster. The deficit in the trade balance, which was 42 million contos in 1975, exceeded 300 million in 1981 and will total 400 million in 1982 if the AD government continues in office.

The deficit in the current accounts balance, which was 25 million contos in 1975, reached 120 million in 1981 and, with the AD government, will reach 150 million in 1982.

The foreign debt, which came to 80 million contos in 1975, reached 620 million in 1981 and will reach 820 million in 1982 if the AD government continues in office. This sum exceeds the current total value of reserves and gold assessed at market prices.

The interest paid to foreign lenders, which totaled 8 billion contos in 1975, increased to 65 million in 1981, and if the AD government continues in office, will come to 80 million in 1982.

The Central Committee called attention to the fact that the policy of reestablishing the monopolies is leading, along with ever more serious economic concessions to foreign capital and increasing submission to and dependence on foreign imperialism, to serious damage to the well-being of the Portuguese people and the independence of Portugal. Insistence on support of the Common Market, which can only lead to catastrophe, dependence and a colossal foreign debt, seriously threatens the general development and future of the country.

The growing economic dependence on imperialism is accompanied by a shameful political and diplomatic submissiveness to U. S. imperialism on the part of the AD government. The Central Committee warns of the dangers of submitting Portuguese foreign policy to the warmongering plans and provocations of the Reagan administration.

The shameful campaign against Poland, in which fascists, reactionaries and apportunists of various hues have joined, lacks broad support among the popular masses, revealing instead subservience to U.S. instructions in diplomacy and in the anticommunist and anti-Soviet ideological diversion.

The Central Committee warns against the very serious damage to the country caused by the policy of hostility (which sometimes takes on a provocative aspect) on the part of the AD government where the USSR and the other socialist countries, the African countries and other progressive nations, are concerned. Such a policy tends to lead Portugal back toward the isolation which existed in the days of the dictatorship and to complete dependence on impertalism.

in the lantral Committee also warns against the threat which would be posed to pringal's safety and very existence by the installation of nuclear weapons on fortuguese territory or their transit through it.

prevent the still further aggravation of living conditions for the people, to defend the democratic conquest, and to guarantee the development of the country and national independence, the resignation of the AD government is necessary and urgently required.

## 1. Limited and Threatened Freedoms

ii. Central Committee notes that the actions of the AD government continue to confirm the increasing violations of the constitution, the legal structure and the freedoms and rights of the citizens. The daily practice of the government and its ideological actions reveal its hatred of freedoms and denotracy.

Intimidating and repressive administrative methods are being ever more widely used.

ike GNR [Republic National Guard] and the riot police are continuing to be used against the agrarian reform workers, against the campaigns of industrial workers, against demonstrating farmers, against ousted tenants.

In a number of enterprises, the atmosphere of the dictatorial era has been reset in lished: there are employers' militias, persecution, dismissal of trade union representatives and members of the Workers' Commissions, a promiting on meetings and plenary sessions, discrimination, punishment and beatings. The trade union rights of the workers are being seriously threatened and violated.

The "labor package" of the AD government (draft laws already publicized or instructed concerning term contracts and dismissals, collective bargaining, the system of helidays and absences, etc.) is a part of a more ambitious protocol which includes new laws pertaining to parties, trade union affiliation strikes, establishing serious limitations on the rights and freedoms intent in the democratic system.

The Allizar and Caetano days. which form a part of the announced the one project to amend all legislation pertaining to elections, promitter the electoral structure and constitute the first steps toward the elections into real farces like the "pseudo-elections" of the Salazar and Caetano days.

legislative "package" which the AD has just presented concerning the legislative "package" which the AD has just presented concerning the legislative "package" which are violation of the constitution and in the number of parish members, the increase in the authority of the presidents of municipal legislations, official endorsement of the non-implementation of the local law, seriously threatening the resolution of problems vital to the

people, the intention of robbing the people of the lands not in use, regulation of the elections by the autonomous bodies with limitations on publity, the expansion of write-in voting-all these are profound changes which irectly challenge the freedoms of the citizens and the democratic nature of the elections for the autonomous bodies.

The situation which exists in the state mass media sector, more specifically the RTP [Portuguese Radio-Television System] (with the monopolization, governmentalization and party use thereof by the AD) provides an example of how the AD defines "democracy" and "pluralism" The systematic use of the vilest kind of lies and slander, the systematic distortion and manipulation of the news, the refusal to allow those attacked to speak—these things are sinking to a shameful level which identifies those responsible for them with the ideology and practices of the fascists.

The Central Committee warns the citizens of Portugal that political democracy is even now not far from destruction and that this counterrevolutionary process of eliminating freedoms and rights will be intensified shortly if the AD remains in power.

. Coup d'Etat Through Constitutional Amendment

The Central Committee reiterates the analysis publicized earlier concerning the meaning, goals and foreseeable consequences of the amendment of the constitution the AD is drafting, with the collaboration of the PS and Mario Soares.

The PCP, which carried to the public, to the people, a discussion of the revision which the AD, with the agreement of the PS and Mario Soares, wanted to effect in the secrecy of the offices of the parties and the Assembly of the Republic, continues to feel that if the amendment were implemented under the terms already agreed upon by the AD, the PS and Mario Soares in the Assembly of the Republic, it would represent a real coup d'etat.

The revision being drafted is a gross violation of the legal structure, because it goes beyond the physical limits to revision established by the constitution itself. It challenges the nationalizations and the plan. It endorses commitments inconsistent with our national sovereignty, in connection with future membership in the Common Market. It drastically alters the system of government and the sovereign bodies.

The attempt to effect a coup d'etat through the revision of the constitution is based, on the one hand, on the transfer of the basic military authority of the president of the republic and the Council of the Revolution to the AD abinet, with the removal from the president of the authority to dismiss the cubinet. On the other hand, it is based on the practical elimination of any check on the constitutionality of laws.

It is an undeniable fact that if these changes were approved and applied, we would see the governmentalization and party use of the armed forces by the

With the reestablishing of a fascist or pro-fascist hierarchy and the placement of its people in the key and command posts, such as to make the arrest forces the military tool for the liquidation of the democratic regime.

the republic is a goal which has been sought by the reactionaries since results elected on 7 December, and it continues now, as a result of the drastic reduction in his power and authority, to be one of the goals of the coup light being planned.

The recent statements from the office of the president confirm the serious implications which would be entailed by such reduction in authority.

The Central Committee, which at this same meeting, has approved a "Resolution on the Amendment of the Constitution," warns the citizens of Portugal without the falsehoods and confusion which the AD, the PS and Mario Soares are sacking to spread in an effort to minimize the importance of the changes in the constitution on which they have agreed.

Learning to the ideologists and strategists of the AD itself, it should in the pair future make every sacrifice necessary to win the military command that and control of the armed forces through the constitutional revision.

All prograts should be equally farsighted and should "sacrifice everything" to provent this mortal blow to the democratic system being planned in connection with the current revision of the constitution.

in the intral Committee stresses that there is a real and eminent danger to truly and that it is necessary to take proper steps so that this threat is a real and so that the continuation of the democratic system entry the constitution can be guaranteed.

. The Measures Proposed By the PCP--A Solution Within the Structure of the

The invalves of the general deterioration of the situation in the countries protound economic, social and political crisis provoked by the AD and the eminent threats which hover over the democratic systems, the straight Committee stresses once again the need and the urgency of the training this process which, if it continues, may lead to a real this stresses and the liquidation of democracy.

It is it is which recognize the evils contained in the AD policy the interest of the analysis which the PCP has set forth of the development of its somber prospects are increasingly numerous. But their are not consistent with this understanding.

The little stresses that it does not suffice to realize and speak in the first stresses. The PS and Mario Soares, after a nonext of the first stresses that it does not suffice to realize and speak in the first stress of the fi

words while opposing it only with propaganda files, while at the same time defending its continuation in office, facilitating its policy, collaborating it within the trade union organization (UGT) [General Union of Workers] and the self-governing bodies and signing agreements with it so as, through the amendment of the constitution, to make it impossible for the president of the republic to dismiss the cabinet and to transfer from the president to the cabinet military authority which will allow the AD to seize control of the armed forces and use them in striking its blow against democracy.

The Central Committee stresses again that the measures proposed by the PCP can not only open the path to the solution of the very serious economic, social and political crisis caused by the policy of the AD, but can also guarantee the defense of the democratic regime now.

#### These measures are:

resignation of the AD government; dissolution of the Assembly of the Republic; formation of a transition government; and holding of elections within 90 days.

The Central Committee has concluded that vast democratic sectors still do not have a precise understanding of either the downward slope along which the national economy and democratic life are slipping or of the vastness of the threat to democracy which approval of the amendments to the constitution already agreed upon in principle by the AD and the PS in the Assembly of the Republic commission would mean.

Immediate resignation of the AD government is essential in order to put a speedy end to the accelerating deterioration of the situation of the people and the country.

Dissolution of the Assembly of the Republic and the holding of early elections are essential not only so that the Portuguese people can express their will about the policy to be pursued and the government to be created in democratic elections, but also to block the coup d'etat being prepared, and to make it possible for the revision of the constitution to be carried out in accordance with the dictates of democratic legality and the will of the citizens.

The Central Committee calls attention to the dangerous illusions nurtured by those who agree that the government should resign, that the Assembly of the Republic should be dissolved and that new elections should be held, but only after the constitution has been revised.

The Central Committee warns that if the unconstitutional revision of the constitution is carried out in accordance with the current agreement of the AD with the PS and Mario Soares, democratic life will be seriously affected, political discrimination will multiply, the democratic nature of the elections would be threatened, and we would be running the risk that the AD might establish itself in power by a repressive administrative measure.

The formation of a transition government which will respect legality, without the participation of the AD, is no secondary matter. It is essential that the elections be truly democratic and not a false and corrupt "electoral" consultation.

The steps proposed by the PCP are fully consistent with the requirements of the situation and constitute a safe procedure by which the very serious problems which are currently at the heart of the differences, conflicts and struggles within Portuguese society can be dealt with democratically.

The measures proposed by the PCP are wholly legitimate, justified, constitutional and legal, and fall within the framework of the normal functioning of our institutions.

The PCP is willing to examine other proposals and other solutions. But the fact is that no other political force and no sector or responsible individual has to date proposed any other path which would guarantee a solution to the crisis, the defense of the regime and a democratic alternative. Therefore the entire political battle currently in progress has as its basic poles the coup d'etat being planned by the AP, on the one hand, and the measures proposed by the PCP to block this on the other. For this very reason, the measures proposed by the PCP are winning vast new sectors of the mational public as supporters with every passing day.

## 6. Balance of Forces in Favor of Democracy

The AD, all of the reactionaries, the PS and Mario Soares are waging an intensive campaign against the steps proposed by the PCP. Using threats and blackmail, they are all seeking to make it appear that these steps, if taken, could have very serious consequences and could provoke reactions of a subversive nature making their implementation impossible.

After a careful examination of the balance of forces to be found at present in Portuguese society, the Central Committee has concluded that (except for the temporary fact that the AD is in government power and has a majority of the deputies in the Assembly of the Republic) democracy is stronger than the reactionary forces and is in a position to defeat them. If the AD government were to resign and the Assembly of the Republic were dissolved, the AD would be reduced to its real present dimensions and would have no possibility of successfully opposing constitutional and democratic solutions.

The AD is now considerably weakened as compared to 1980.

Internally, the AD has been eroded by conflicts, rivalries and personal ambitions, and the maintenance of its very existence as a coalition is due only to the need to survive as such at least until after the revision of the constitution and the coup d'etat it hopes to achieve with it.

Where popular support is concerned, the AD has become entirely discredited because of the disastrous consequences of its policy, its incompetence, ineptness and corruption, and these factors have turned ever broader strata of

the population against it, including sectors which supported it until just a short time ago.

The AD has lost a large part of its base of social, political and electoral support. If the government resigned, the Assembly of the Republic were dissolved, and new elections were held, the AD would lack the strength to avoid its definitive defeat within the democratic structure.

Unlike the weakened AD, democracy has solid bases of social, political, institutional and military support.

The indignation, protests and opposition to the policy of the AD involve broad social sectors which had provided political and electoral support to the AD as such. The AD has proved incapable of opposing democratic militancy with a reactionary militancy, or organizing a reactionary mobilization against the mobilization of the masses in defense of democracy.

The nefarious results of the AD policy have opened the eyes of hundreds of thousands of Portuguese citizens. The AD is moving toward isolation. The democratic regime has the people to defend it.

In the armed forces, feelings of respect for democratic legality predominate, and a number of factors justify the conclusion that the subversive plans of the AD, the PS and Mario Soares to amend the constitution, specifically where the military authority and commands are concerned, are met not with reservations but also serious disagreement within the armed forces. The doctrine of the PS and Mario Soares concerning national defense, as recently set forth by Jaime Gama, shows to what absurd extremes the readiness to allow the AD government and its defense minister, Freitas do Amaral, to control and use the armed forces for party purposes extends. This doctrine can only find support in sectors which favor a coup. The armed forces, as a whole, stand with democracy, and it is for this reason that the AD is seeking to alter the situation entirely by seizing the power (through the revision of the constitution) to control, organize and administer the armed forces.

It is not for lack of strength that democracy has failed as yet to force the AD out of power. If on the part of all democrats, there had been the necessary determination and confidence in political action and in our institutions, the AD would long since have been ousted and a democratic solution to the crisis would have been found.

The Central Committee cannot fail to mention the serious responsibility assumed by those who fail to act consistent with their own views, out of fear of being slanderously accused of "affiliation with the PCP" (which is inevitable, whenever one takes a scand against the reactionaries).

In order to oppose the steps which will lead to its exclusion from power, the AD is waging an intensive propaganda campaig., asserting that there is no alternative to its government. The PS and Mario Soares are strengthening

this propaganda by insisting on the absurd, demagogic and divisive claim that the PS is the only alternative.

Revealing the falsity of the propaganda of the AD and the demagogy of the PS and Mario Soares for what they are, the Central Committee asserts that there is in fact an alternative. There is an alternative because the majority of the Portuguese people stand with democracy, because even within the PS, thousands and thousands of party members have come out in opposition to the alliance of the PS and the AD and against the transfer of the military authority of the president of the republic and the Council of the Revolution to the AD. There is an alternative because the social movement and struggle, with great political significance, reveal that there is a strong and majority base of support for a democratic solution, and because the political and social forces which defeated the AD by their votes on 7 December 1980, and guaranteed the defense of democracy, are in a position to guarantee the democratic triumph, a democratic alternative within the framework of our institutions, a democratic government with a democratic policy.

An alternative exists, not against the workers and against the PCP, but with the workers and with the PCP. Unity is possible in forms adapted to the present situation.

The Central Committee stresses that the coordinated, joint or converging action of all the democratic and patriotic forces and sectors will suffice to lead Portugal back to the April path within a short time.

## 7. The Great Scope of the Popular Struggle

The Central Committee analyzed the struggles of the workers class and the popular masses in recent times. It concluded that we are witnessing a very vast and vigorous popular movement, in which millions of Portuguese citizens are participating, such as has rarely (if ever) been seen in the history of our country.

The struggles of the workers class and the popular masses reveal profound discontent and indignation concerning the policy of the AD, a high level of class awareness, political enlightenment, combativity, and determination, a will to struggle and confidence in victory.

'trikes have become the main form of the workers' struggle on the national revel.

The large number of them (about 700 in 1981), the lengthy duration of some, the interlinking of the strikes in key sectors, for example transportation, make recourse to strikes a very powerful weapon, and they are the expression of the increasing radicalization of the workers class struggle, having forced the government and the employers to retreat in a number of cases.

The 12 December demonstrations provided a powerful affirmation of the firm determination of the workers to defend their rights and vital interests and to oppose the reactionary AD government with vigor and awareness.

The massive 16 January peace marches, related to the will of the Portuguese people for peace, confirmed their firm opposition to the foreign policy of submission to U. S. imperialism pursued by the AD government.

The opposition on the part of the small and average farmers, reflecting a significant development in awareness of their interests and their unity, have diversified and increased in intensity and size. Rallies, parades of marchers, gatherings and plenary meetings, tractor parades, blockage of thoroughfares and other undertakings bear witness to the discontent with and protest against the unkept promises and the deterioration of conditions of life and work for the peasantry.

Other populations strata are participating actively in defense of their rights and interests threatened by the policy of the AD and its government.

Women, participating actively in the popular movement, are waging a battle for the right to work and against unemployment, against rising living costs, wage, professional and other types of discrimination, for free and conscious motherhood, and against the violations of their constitutional and legal rights by the AD government.

The youth have participated actively in the struggles of the workers class and the people's masses, particularly in the grandiose Demcember demonstrations and the peace marches in Lisbon and Oporto, evidencing their increasing discontent with the deterioration in their living conditions, the increase in unemployment, the decline in education, and the lack of housing.

The Central Committee stresses the high level of the unity of the workers and the people's masses, a unity which the intimidation efforts, the maneuvers and the poisonous propaganda of the government and the reactionary owners and the divisive efforts of the puppets of the UGT, the Socialist Party and Mario Soares and the leftists of all hues cannot destroy. Unity (linked with the strong, united organization of the workers and the broadest variety of social classes) is an essential factor in the strength of the workers and popular movement and its strengthening is a prerequisite for victory.

The Central Committee believes that the intensification of the struggle of the masses is the necessary and indispensable path for facing up to the reactionaries and their allies, defending the vital interests of the people and the fatherland, and guaranteeing the defense and continuation of the April Portugal.

The Central Committee regards the general paralysis of work on 12 February marked by a general 24-hour strike by the trade union organization as of the greatest importance, and it appeals to all militants, all workers, all democrats to participate in it actively.

The Central Committee stresses the need for the workers to note carefully the steps which the government has just taken to make the general strike

difficult. The date of 12 February will constitute a great new step in a process of struggle which is developing with headlong impetus and should lead to the active defense of the interests of the people and the country, to the ousting of the AD from power and the victorious continuation of the democratic system.

The Central Committee also expresses its approval of the holding of a national democratic convention, sponsored by numerous mass organizations and scheduled for the month of March, an undertaking which may have vast repercussions on national political life.

The terrorist actions, whether by the 28 May Commandos or the so-called 25 April FP, and whether against the GNR or enterprise managers, are provocative actions which worked against the popular and workers movement and are designed to hinder and discredit the mass struggle and to give the government pretexts for intensifying its repressive activities, either through legislation limiting freedoms or through the establishment and strengthening of special repressive forces.

The breadth of the struggle of the workers class and the popular masses clearly shows that an important turn against the AD is occurring in the social and political fields, and it is inevitable that this shift should be felt in the electoral field as well.

In the final analysis it will be the Portuguese people who will decide on their future. The struggles in progress are the proper path toward the victory of the people, the victory of democracy, the victory of Portugal.

### 8. The PCP and Unity Among Democrats and Patriots

The AD represents a minority in the country and among the voters. The over-whelming majority of the Portuguese people stand with the April Portugal. It is intolerable that a minority, usurping power and violating the legal structure, should challenge and be able to destroy the democratic regime within which the Portuguese people wish to live.

The majority of AD deputies in the Assembly of the Republic never represented a voters' minority and (due to the distortions in the 1980 electoral process) never were a precise reflection of the true political choice of the Portuguese people. Apart from this, the AD has from that time to present last a large part of its electoral base, so that it is certain that in new elections held in accordance with democratic norms, the AD would clearly be left with a minority in the Assembly of the Republic.

The presidential elections on 7 December 1980, which represented an overwhelming defeat for the AD, correcting to some extent the results of the 5 October elections, and clearly revealing that there is a definite majority of voters which is not reflected by the political boundaries between the parties and which opposes the reactionaries and favors democracy. Numerous facts indicate that this majority has broadened and strengthened. In the partial elections for the self-governing body held in 1981, the AD lost thousands of votes. In the first partial elections held this year the trend toward major electoral losses for the AD and gains for the APU was confirmed.

In the elections in Fiaes (Aveiro district), held just yesterday, the AD suffered a serious defeat, losing more than a quarter of its voters, while the APU won a great victory, with an increase of from 28.8 percent to 43.4 percent of the votes, thus winning a majority in the parish assembly. In St. Ildefonso (Oporto), the AD lost almost a half of its voting support, and the APU scored an increase of from 16 to 23.6 percent of the votes, winning yet another seat. In Mosteiros (Sao Miguel, Azores), an important decline for the AD, which lost about one-third of its voters, was seen. Within the framework of the democratic system it is absurd that those who are only a minority could destroy it, through temporary governmental and legislative action and the revision of the basic law of the republic.

The Central Committee issues an appeal to all democrats (in the sovereign bodies, political parties, business associations and the broadest variety of social organizations) to act in coordinated or convergent fashion in order to oust the AD from the government and to ensure the holding of early legislative elections, such as to guarantee the defense of the democratic regime.

The Central Committee makes a special appeal to the members of the PS and its voters to oppose the alliance of the PS with the AD, not only in the trade union organizations and self-governing bodies, but in particular in connection with the amendments to the constitution.

In the struggle in defense of the interest of the people and the nation and the democratic regime, the alliances which are urgently needed are the alliances of all democrats and patriots, and not alliances with the AD against the PCP—the most consistent democratic force with the deepest and broadest popular support and the greatest capacity to mobilize the masses.

The unbridled anticommunist campaign in which fascists and reactionaries of all sorts are participating side by side with the AD, Mario Soares, Lopes Cardoso, and the leftists, is designed to confuse the Portuguese people, to reduce the influence of the PCP and its capacity to function in political life, to weaken the struggle of the people against the AD and to camouflage the shameful alliance of the AD with the PS and Mario Soares against the people and against democracy.

The Central Committee calls attention to the fact that the violence of the anticommunist campaign in itself is a confirmation of the decisive role which the PCP plays in the resistance to the policy of the AD, in the great workers and popular movement which is developing from the north to the south of the country in defense of the vital interests of the people and the country, the democratic regime, peace and national independence.

The AD and its allies are seeking through their anticommunist chorus to persuade the public that the PCP is isolated. But the fact is that, to the extent that the AD and its allies join together against the workers, against the headlong torrent of the mass struggle and against the democratic regime, and in the monstrous campaign against the PCP, it is they themselves who are gradually moving away and becoming isolated from the people, while at the same time the PCP is making its links with the workers, with the masses of the people, with the broadest democratic sectors ever deeper.

The Central Committee continued its examination of the problems pertaining to the strengthening of the party (in the sectors of leadership, organization, cadre training, propaganda, internal democracy, style of work and financial policy), and briefly assessed the discussion being held on these problems within the regional leadership bodies. It decided to convoke a meeting of the Central Committee for the month of March in order to finalize the discussion and derive the necessary conclusions.

The Central Committee approved the schedule for the major undertakings of the party in 1982: regional, municipal and other organizational assemblies, party festivals, conferences and rallies. It also approved the major guidelines for the work of strengthening the activity of the communists in the united movements and organizations and in mass action.

The Central Committee approved the submission in the near future of three interrelated draft laws on maternity, family planning and abortion to the Assembly of the Republic by the PCP parliamentary bench.

In view of the urgency of the problems raised by the development of the political situation, the crowded calendar of party activities, and the holding of elections for the self-governing bodies at the end of the year, the Central Committee decided, in accordance with its bylaws, that the 10th PCP Congress will be held not this year, but during the first half of 1983.

The PCP is the only political force which has provided real and effective opposition to the disastrous policy of the AD and which offers political solutions consistent with the interests of democracy and the country. It is also the only political force which has foreseen and warned of the deterioration in the economic, financial and social crisis of the country, and which has offered a real alternative to that policy.

Moreover, the Central Committee stresses yet once again that the PCP does not seek to guarantee a democratic solution alone. It does not seek to impose its program. It defends joint action and the unity of all democrats and patriots. It believes that there is a very vast and majority social and political sector supporting a democratic alternative. It regards uniting all patriots, all independent democrats, all social organizations in forms of cooperation which will guarantee the defeat of the reactionaries and the triumph of democracy as a task which cannot be postponed.

At the same time, the PCP is fully aware of the great strength of the mass support it has, and of the confidence and hope a large part of the Portuguese people place in it. It is fully aware that the solution to the mational problems, a democratic resolution to the crisis and the defense of democracy are possible within the existing political situation and within the framework of the current political and social forces, not against the workers and against the PCP, but with the workers and with the PCP.

1 February 1982

Central Committee of the Portuguese Communist Party

5157

CSO: 3101/26

POLITICAL

PAPER COMMENTS ON POLL MEASURING PARTY LEADER SUPPORT

Stockholm SVENSKA DAGBLADET in Swedish 28 Feb 82 p 2

[Editorial: "At High, Low, and Lower Levels"]

[Text] The annual SIFO [Swedish Institute for Public Opinion Polls] poll of confidence in the party leaders that SVENSKA DAGBLADET and ARBETET are publishing today is, naturally enough, of special interest with regard to the new Moderate leader Ulf Adelsohn.

It cannot have been an enviable task to follow Gösta Bohman, Sweden's leading politician on the plane of confidence and popularity in recent years, harsh criticism from those of opposing views notwithstanding.

Adelsohn cannot possibly have been other than pleased with the result of the SIFO poll, completed as late as 16 February. Among his own party sympathisers he got the highest confidence figure of all the leaders of the five parties represented in the Riksdag, and among all voters he stands conspicuously higher than the leaders of the government parties, Thorbjörn Fälldin and Ola Ullsten, and close to Olof Palme's total figure.

A confidence of the bind that Adelsohn seems to have acquired after such a short time as party leader is unusual. That is a thing that is worth watching. That can best be done if the party leader concentrates on the central issues in politics and avoids excursions into more peripheral fields.

Today's SIFO poll gives a clear indication that there is a palpable connection between party political sympathies and confidence in party leaders. Against that background it is almost sensational that the difference between Palme and Adelsohn in reference to the confidence of all voters is so small, almost marginal. But the explanation is probably to be found in the fact that apart from there being only a little over half of the Social Democratic voters that feel that Palme inspires the greatest confidence, among Moderate and Center sympathisers there are very, very few who feel that Palme does so. Among the FP [Liberal Party] voters the percentage is higher--20 percent.

The most dismal of all is the SIFO poll's finding concerning the VPK [Communist Left Party] leader Lars Werner. Confidence among his own sympathisers has fallen greatly during the last year; this may be connected with the--to put it mildly--divided attitude toward foreign policy that prevails in the VPK now, especially tangibly in connection with the Polish crisis.

What sort of person could entertain great confidence in the VPK's foreign policy line?

For Ola Ullsten the FP congress could have turned out better. But the most serious thing from the FP point of view must be that there are more of the FP voters that feel that Ulf Adelsohn inspires great confidence than that take the same view of Ullsten.

Lastly, Thorbjörn Fälldin, the Center Party leader and prime minister. He can take comfort in an upswing in the confidence score among his own people. It must detract from that comfort, however, that the main cause of this is undoubtedly to be found in fact that so many former irresolute Center Party sympathisers have now left the Center Party altogether. The low total figure, among all voters, is evidence that this is the case.

The number of voters that have great confidence in any party leader continues to decrease. But that can hardly come as a surprise to anybody--excepting perhaps those most closely concerned.

8815

CSO: 3109/113

POLITICAL

ANNUAL POLL SHOWS VOTER SUPPORT FOR PALME, ADELSOHN

Stockholm SVENSKA DAGBLADET in Swedish 28 Feb 82 p 6

[Article by Claes-Göran Kjellander]

[Text] Olof Palme and Ulf Adelsohn are the party leaders that inspire greatest confidence. Palme has the highest score in the whole population. Adelsohn has the highest score within his own party.

That is shown by a poll on confidence in the party leaders that was made by SIFO [Swedish Institute for Public Opinion Polls] for Svenska Dagbladet.

While 28 percent and 25 percent respectively of the voters consider that Palme and Adelsohn inspire great confidence, the figures for other party leaders are around 10 percent.

Among their own voters 54 percent and 50 percent respectively stated that they have great confidence in Adelsohn and Palme.

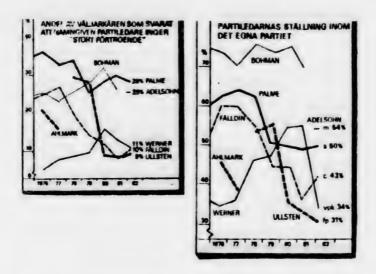
Of the Center Party voters, 43 percent consider that Thorbjörn Fälldin inspires great confidence. Lars Werner gets the corresponding support of 34 percent of the VPK [Communist Left Party] voters, while Ola Ullsten stops at 31 percent among Liberal Party Voters.

### Losing Confidence

A very remarkable situation is that only 56 percent say that they have great confidence in at least some party leader. In the late 1960's the corresponding figure was around 80 to 90 percent. During the 1970's the percentage was between 60 and 70 percent in almost all polls. Last year the figure dropped to 60 percent, and now it is only 56.

This means that 6 months before the election almost every other voter makes the dismal observation that none of the parties are led by a person in whom they have great confidence.

It is thus a reasonable conclusion that the party leader who runs best until the election has even greater chances than usual of influencing the election outcome positively for his party.



[Left] Percentage of voters that answered that the party leaders named inspire "great confidence." The voters have the greatest confidence in Olof Palme and Ulf Adelsohn.

[Right] The party leaders' standing within their own parties. Confidence in Fälldin among his own party members has increased, while the figures for Werner and Ullsten are dropping.

The study involves a good 1,000 interviews and was done between 27 January and 16 February. Those interviewed were given three alternatives: Great confidence, neither great nor little confidence, little confidence. In addition, a number of persons said that they were doubtful or did not know what to answer.

One should be extra cautious in interpreting figures for the smallest parties' leaders' popularity in their own parties. For in this case one is dealing with small base figures; e.g., there are only 39 interviews from the VPK.

Ulf Adelsohn's 54 percent among his own voters can be compared with the fact that in recent years Gösta Bohman had between 70 and 75 percent. Many are also taking a wait-and-see attitude toward the new moderate leader-he has a definitely higher percentage of "don't know" answers than the others. Even among the moderates, 1 out of 10 prefer to wait with their judgment. He also has the lowest percentage of dissatisfied party members of all the party leaders.

For Olof Palme the poll is quite undramatic; the figures are very close on the whole to those of 1981, both inside and outside of the party.

There is the noteworthy situation that only every tenth Swede considers that Prime Minister Thorbjörn Fälldin inspires great confidence. Confidence in him among his own voters, however, has increased.

## Women Distrustful

Confidence in Ola Ullsten among his own voters has declined somewhat further and it is noteworthy that more Liberal Party voters consider themselves to have great

confidence in Ulf Adelsohn than in Ola Ullsten. Olof Palme comes in third place among the party leaders, by the way, ahead of Thorbjörn Fälldin.

Lars Werner shows a very sharp decline among his own people, from 55 to 34 percent. But it must also be borne in mind that the slump can play a big part for the small parties, and that a sudden change need not necessarily be a trend.

In regard to the Center Party and the Liberal Party we are on somewhat firmer ground, since several polls in succession have shown approximately the same result.

In addition the poll shows that all of the party leaders have greater confidence capital among men than among women. It is also found that persons over 40 years of age are most inclined to feel great confidence in top politicians. Only Olof Palme has his popularity evenly distributed over age groups.

It is especially noteworthy that the youngest party leader--Ulf Adelsohn--enjoys definitely greater confidence among those who are older than he is. In the group over 40 he is first on the list with 32 percent, followed by Palme with 28, Fälldin with 15, Werner with 13, and Ullsten with 10 percent.

Among those who are under 40, Palme leads with 28 percent, followed by Adelsohn with 19, Werner 9, Ullsten 7, and Fälldin only 4 percent.

LO [Swedish Federation of Trade Unions] members put Palme definitely first, with Adelsohn and Werner side by side in second place and Ullsten and Fälldin sharing sixth place.

TCO [Central Organization of Salaried Employees National Government Civil Servants Section] members, too, have Palme as number one and Adelsohn number two, while the other three get exactly equal honors.

8815

CSO: 3109/118

POLITICAL

OBSERVER VIEWS ECONOMIC ISSUES IN CAMPAIGN

Stockholm DAGENS NYHETER in Swedish 8 Mar 82 p 6

[Commentary by Sven Svensson]

[Text] The political situation is unusually labile 6 months before the election. A number of big, important issues that can turn voter opinion upside down are still unsettled. Today's voter poll by DAGENS NYHETER and IMU [Institute for Market Research] is interesting as a general trend indicator, but is not valid as an election forecast.

Instead, the next few weeks will be very decisive for the outcome of the election and no party is really safe. It has been a long time since so many political questions with unusual party combinations were undecided, not to say entirely open, 6 months before the election.

Among the undecided questions the tax settlement for 1982-1985 weighs heaviest. It is the biggest reduction in tax bracket differences in modern times, at the same time that the amount of interest deduction is being reduced.

First the government parties and the Social Democrats reached an agreement on the reduction in tax bracket differences, and last Friday [5 March] the financing was settled.

On both occasions the Moderates stood aside and cawed like birds of ill omen. The only hope for the Moderates now is that the tax settlement may be technically too involved. That is not probable.

That the Moderates won the first round on taxes by frightening the homeowners is clear. How the "left turns" through the government parties' settlement with the Social Democrats will affect voter opinion by the time of the election is more uncertain.

In the long run it must make some impression on voter opinion that Fälldin and Palme were able to get together on the big tax agreement. It is only agreements across party lines that can save Sweden's economy.

What cards have the Moderates got to play?

Norway has become something of an idee fixe among the Moderates. But in the tax field pointing to Norway only makes it worse for the Moderates. The new Norwegian government quickly had to retract its tax reduction promises of the election campaign.

The Swedish moderates' tax reduction promises are worth no more than those of their political friends in Norway. Today's economic situation permits only redistribution of the tax pressure, no real tax reductions. Tax reductions for the high-paid must be paid for by the low-paid.

The second main issue that will come to have great importance in regard to public opinion by the time of the election has to do with the non-socialists' fighting among themselves about municipal taxes.

Here the Moderates are threatening to overthrow the Fälldin government by letting the Social Democrats' tax-raising policy win in the vote in the Riksdag this Wednesday [10 March].

If the Moderates made good on their threat it would turn public opinion completely upside down in a single night.

The result would be a very surprising Right-Left coalition in which the Moderates' principal motive is to drag Fälldin in the mud in order to make Adelsohn stand out as the non-socialist candidate for prime minister before the election.

Adelsohn, or whoever is running the Moderate Coalition Party now, has forgotten one important matter.

The Fälldin government should go out if it loses two important votes in the Riksdag, which have to do with the economy program and the municipalities. Parliamentary rules of the game demand that.

But what happens if Fälldin is without any sense of shame, contrary to all probability?

In that case the Social Democrats, in the name of decency, must then call for a vote of confidence in the Riksdag.

The institution of "lack of confidence" was introduced clearly and plainly into the constitution precisely to prevent governments that have lost important votes in the Riksdag from holding on to power.

That is the political reality. That puts Ulf Adelsohn in an uncomfortable bind.

The Moderates cannot--and retain the public's respect--first participate in overthrowing the Fälldin government together with the Social Democrats and then participate in expressing confidence in the Fälldin government together with the other non-socialist parties.

There must be some sense of proportion even in that non-socialist show.

However it ends, the outcome will have great importance both from the point of view of forming public opinion and for drawing up a campaign platform.

Either the Fälldin government falls, or Ulf Adelsohn falls from the heights, too.

If the Fälldin government falls, there cannot be a new three-party government in the foreseeable future.

If Ulf Adelsohn falls from the heights, the Moderates' scores in the polls will come tumbling after.

There are some other questions that sharpen the election campaign and make the outcome more uncertain. These include Pehr G. Gyllenhammar's "descent" into the Liberal Party and the proposal on the waiting period in the health insurance system that the government negotiated itself into in great agony.

Gyllenhammar's fresh breeze has filled the sorely tried Liberal Party with a new will to live.

But there were tangible elements of rightist opportunism in Gyllenhamman's speech, as well as a certain cockiness.

That may be dangerous in the long run.

It may be hard to be an able director in Volvo, but it is hard to put bills through the Riksdag, too.

Directors generally know very little about that, but are all the better able to run up the steps of the government building and ask for state support for their own firm when times are hard.

The proposal for a waiting period in health insurance is clear evidence of a turn to the right in the government parties' policy.

How this turn to the right will affect voter opinion is uncertain. In the initial period there was a strong sentiment in favor of economizing on health insurance, of tightening up on malingerers.

Whether this opinion will last is uncertain. It is possible that it will change with the switch from general talk to reality. Pinning the patient down to prove his condition may turn out to be the wrong way to economize when it comes to the point.

The Social Democrats also run the risk of stepping on a mine in the health insurance issue. All it would take for it to go wrong is a little murmur about a general strike again.

8815

CSO: 3109/118

MILITARY

ROLE, WEAPONRY OF 57TH ARTILLERY REGIMENT

Paris TAM in French 25 Feb 82 pp 20-21

[Article by Jean-Patrick Coppin: "Troopers of the Surface-to-Air Artillery"]

[Text] The air threat during the 1973 Yom Kippur War demonstrated the importance of antiaircraft defenses. Since then, increased emphasis has been placed on low-level air attacks. To counter such tactics, many Western countries have chosen the French-German Roland missile system. The 57th Artillery Regiment (RA), stationed at Bitche in northeast France, is equipped with this system.

Because high-flying aircraft are easily detected, the most threatening aircraft are those flying at low altitude. The Roland system is designed to handle this latter threat. It is characterized by its mobility, that of an AMX 30 tank, and a kill probability of more than 90 percent. Mounted on an AMX 30 tank chassis for missions in support of armored units, the Roland can also be mounted on trucks or trailers for the defense of fixed installations. There are two versions of the Roland. They differ only in their sighting modes: optical in the clear-weather version, and radar plus optical in the all-weather version. For the protection of armored units, the system is mounted on a vehicle having the same characteristics as the vehicles it is intended to accompany and protect: AMX 30 battle tanks in France, the Marder armored infantry combat vehicle in Germany, and the M-109 in the United States.

57th RA: Flexibility and Complementarity

With its counterpart, the 54th RA at Verdun, the 57th RA has the mission of furnishing antiaircraft protection to the French Army's I Corp. Stationed at Bitche in a "four star" installation, the 57th RA has two batteries each with eight clear-weather Roland fire units, plus one spare regimental system. The regiment also has a battery of twin 30-mm guns scheduled to be replaced shortly by all-weather Rolands. The regiment's operations are marked by the system's two special aspects, flexibility and complementarity. Flexibility because it has the same mobility as the armored division, and also because it can cover a vast operational area. Complementarity because the system closes the gap below the heavier and less mobile American Hawk system's coverage which is from 3,000 to 15,000 meters in altitude. When on the move, the Roland "sees" what the Hawk does not see. Its zone of fire is from 30 to

3,000 meters in altitude. Its fast reaction time (less than 10 seconds) and range (500 to 6,000 meters) make it a formidable weapon against surprise attacks.

Equipment Maintenance and Support Personnel

The regiment has nearly 800 men, more than 500 of whom are draftees, and 16 operational Rolands plus 10 twin 30-mm guns. Since each Roland fire unit has only two three-man crews, this means that relatively few men are actually in direct contact with the missiles. In fact, this highly technical weaponry requires a certain amount of maintenance and hence a considerable number of equipment support personnel, plus those other men who are essential to the smooth operation of the regiment as a whole (motor vehicle drivers, clerks, food service personnel etc.) Each Roland fire unit is assigned six men: one three-man crew in the tank and another crew following in a VAB [Forward-Area Armored Vehicle].

The crew consists of a weapon commander, a driver, and a gunner. Crews are rotated every 2 hours. It should be noted that the weapon commander, usually a master sergeant, has sole responsibility for firing the missiles. Once an aircraft has been detected and identified, he is the one who gives the order to fire, or does not.

The fire unit's equipment consists of an AMX 30 chassis on which a special turret is mounted. The turret is fitted with a radar and two loading arms each holding one round of ammunition. Inside the vehicle hull there are two magazines each holding 4 reserve rounds. The Roland missile has a range of 6,000 meters and attains a velocity of 1,800 kilometers per hour in less than 2 seconds.

## From Training to Engagement

To get an accurate picture of crew training, one must follow the engagement sequence. The surveillance radar detects an aircraft. The IFF interrogator is then immediately used to establish whether the object is a friend or foe. The weapon commander views and tracks the target displayed on his surveillance radar PPI screen. The turret automatically aims at the target. The gunner now has only to keep the target in his optical sight and the missile, electronically locked onto the target, will follow that target until it destroys it if it is an enemy aircraft. In the all-weather version, a tracking radar locks onto the target and follows it. The entire sequence is very rapid and demands intensive training which is provided by a simulator. A draftee is thus trained in 2 months. During his subsequent service, he trains twice weekly with the simulator and participates in numerous field exercises.

Life in the 57th: Handicap Overcome

Despite the handicap of the 57th's geographical location, the regiment is considered a good assignment. Its Roland crews, who live as separate dispersed units, come together in frequent exercises. This extended deployment, one crew every 4 kilometers, has the special advantage of permitting numerous

maneuvers in open terrain and without major problems. Life back in the barracks is materially comfortable and a boost to morale (numerous cultural and athletic activities). The prevailing atmosphere is a fine mixture of high technology and seriousness coupled, during off-duty hours, with that precious commodity, humor, for which the 57th has earned quite a reputation. The general opinion? "This area is a God-foresaken hole, but we are comfortable and happy here in the 57th." Some persons in the regiment even go so far as to claim that the weather is fine in Bitche!

Technical Data and Performance

The missile is fired from a launch tube which also serves as a tactical transport and storage container.

The vehicle carries 10 rounds, 2 of which are in firing position.

Missile Characteristics

Length: 2.4 meters; caliber: 0.16 meter; span (in flight): 0.5 meter; weight at launch: 66 kilograms.

Performance

Velocity: Mach 1.5; maximum range: approximately 6.2 kilometers; minimum range: approximately 0.5 kilometer; radar's acquisition range: 15 to 18 kilometers.

Tactical Data

One battery provides antiaircraft defense for an armored division.

One platoon (four Roland fire units) can defend 100 square kilometers or 20 kilometers of road or highway.

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MILITARY GREECE

DEFENSE BATTALIONS' REDUCTION IN MANPOWER, INFLUENCE APPLAUDED

Athens TO VIMA TIS KYRIAKIS in Greek 31 Jan 82 pp 6-7

[Article by Giannis Fatsis]

[Excerpts] The TEA [National Defense Battalions] are being thinned out. The government is going to announce measures intended to shrink the TEA's manpower and disarm their soldiers.

For the first time in 31 years, the TEA are receiving their first blow, which will result in neutralization of their omnipotence in rural areas.

Thus, these paramilitary forces of the Right, which had power in the villages, are now losing their role. With the blow received by TEA, the Right is deprived of a significant force which, in many cases, facilitated it in influencing in its favor the results of many elections, and creating (wherever it wished) an atmosphere of terror in rural areas, which served its politics.

The measures which the government will take on TEA will apply only to units inside Greece, not in frontier areas. There will be seven measures as follows:

- 1. Each National Defense Battalion will have 70 men (instead of the approximately 600 it has today).
- 2. Armament for the TEA men will be delivered to area military units. There will no longer be weapons at the TEA offices. Also, TEA men can no longer take weapons to their houses. They will receive their weapons from the appropriate military unit only on the day of exercises. They will return them on the same day. If they violate this requirement, they will be penalized.
- 3. The National Defense Battalions' command will be located within the camps.
- 4. The number of regular officers serving in the TEA is being curtailed. With this measure, 150 regular officers are being released from TEA and are being added to army combat units.
- 5. The occupation of TEA soldiers only is being limited to their participation in maneuvers; the "classes" which had the character of their "national education" are being abolished.

- 6. Restrictions (because of political convictions) are being removed in the procedure of selecting TEA soldiers. Thus, in the future, not only those "loyal to the Right" will serve in the TEA, as has happened as a rule until now.
- 7. The TEA will be constantly monitored to see that they do not exceed their purpose.

With these measures, the government is hoping to "put in the corner" the TEA, which up until yesterday controlled many rural areas, particularly those far from large urban centers.

Why Is TEA Needed

The TEA's contribution to our country's defense is insignificant or non-existent. Those who have propounded explicit objections to or reservations about the TEA's existence maintain that these units are unable to undertake any war mission in a modern war.

They give as examples the 1967 and 1974 crises in the Aegean. As reported to the Chamber of Deputies, the plans for security of the islands remained in-operative because of the TEA's inability to comply even rudimentarily with the requirements for confronting a real crisis.

As was also pointed out to the Chamber, the TEA created, in these circumstances, significant problems for regular army units, particularly in the sector of provisioning and supplies.

The TEA's failure in this mission (for the country's defense) was judged during review of the plans for protection of the islands. Every job related to defense of the islands was removed from the TEA.

Military experts confirm that the TEA are not able to undertake such a difficult mission as protecting the islands. To cover this need, utilization of maneuverable and readily mobile units, which will be equipped with modern means of war, is required. In this case (certainly) the TEA are not suitable.

The polemics against the TEA are based on one (basic) argument: That in any country in the world and, naturally, in any EEC country, there is no institution of national defense battalions. It is an exclusive priviledge of our country.

TEA supporters argue that today (with the crisis in Greek-Turkish relations) their existence is indispensable because they will have something to do if there is a clash.

The argument is that, in case of war, the young TEA men will be mobilized and will serve in combat units; in addition, elderly TEA soldiers would play a very decisive role for Greece if they enter into production (industry, etc.) and fill the empty spots left by young enlisted men, rather than patrol in village squares with automatics.

One other argument explains that, even in the case of a hypothetical defeat of our country, developing a partisan movement in Greece against its conqueror would not be a mission of a number of (loyal) TEA men, but the business of its entire population.

The theory of the "foreign threat," offered by the Right to support the necessity of maintaining the TEA, cannot be persuasive today, as it was not when it was announced.

Military experts assert that the "foreign threat" is being confronted with the regular army, not paramilitary formations (whose political role is occasionally fairly obvious).

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